TECHNICHE LIMITED

CORPORATE GOVERNANCE STATEMENT

Current as at 24 August 2023

This Corporate Governance Statement has been approved by the Company's board of directors

Introduction

The Board of Directors (**the Board**) is responsible for the corporate governance of Techniche Limited (**Techniche** or **the Company**) and its controlled entities and is committed to maintaining high standards of corporate governance appropriate to its size and operations to effectively manage risk, improve performance and enhance corporate responsibility.

The Board carries out its responsibilities within a framework of corporate governance structures to create value, through encouraging entrepreneurialism, innovation and development, and provides a system of accountability and control commensurate with the risks involved in the Techniche Group's business units.

The Company delisted from the Australian Securities Exchange (**ASX**) in early 2021. Although no longer listed on the ASX the Company has decided to continue to report the extent of its compliance with the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations* (the **ASX Principles & Recommendations**) as a guide to the Company's corporate governance practices. There are 35 specific recommendations **(the Recommendations**) contained within 8 principles in the ASX Principles & Recommendations and the listing rules of the ASX require that the annual report of a company listed on the ASX contain a statement disclosing the extent to which the company has followed the Recommendations.

It is important to note that:

1. the Recommendations are guidelines rather than prescriptions and under the ASX Listing Rules an ASX-listed company has the flexibility not to adopt a particular Recommendation if the company considers it inappropriate to the company's particular circumstances, provided the company explains why it has not followed the particular Recommendation;
2. this recognises that there is no single model of corporate governance and that good corporate governance practice is not restricted to adopting the Recommendations; and
3. when listed on the ASX the Company fell into the category of what is commonly referred to as "micro cap" and as such needed to carefully monitor and control the allocation of scarce resources to maximise shareholder value. Although no longer listed on the ASX this continues to be the case for the Company and the Board consciously recognises limitations placed on full implementation of formal structures by the size of the Company and size and diversity of its Board.

The reference documents (unless otherwise indicated) are available for public inspection on the Company's website at https://technichegroup.com/investors/ in the "Corporate Governance" section.

Principle 1

Lay solid foundations for management and oversight

The Board has adopted a Board Charter which outlines the responsibilities and duties of the Board, as well as a separate role statement for the Chairman. The Board has delegated certain functions to the Company's senior management (essentially responsibility for the day to day management of the Company and its controlled entities) but remains ultimately responsible for:

nomination and appointment of directors, membership and role of board committees, assessment of board performance and director remuneration;

appointment, remuneration and assessment of performance of all senior executives and retains the power to determine the employment of Key Management Personnel, other than members of the Board;

corporate governance matters, including frequency and agendas of Board and Board Committee meetings, and the appointment of the Company Secretary;

matters pertaining to shareholders including meeting, communications and relations;

monitoring of Company performance by approval of corporate strategy and performance objectives;

adherence to and compliance with continuous disclosure policy, code of conduct, risk management and internal control, including approval of annual reports and accounts;

capital management, including issues, calls on, forfeiture of shares, declaration of dividends and share buy-backs;

Director's interests, conflicts of same and related-party transactions;

delegation of powers and authorities including setting levels of authority;

mergers, acquisitions, restructures and divestments; and

approval of Company policies.

The Board Charter is reviewed and amended from time to time as appropriate.

Board members are committed to spending sufficient time to enable them to carry out their duties as Directors of the Company. Candidates for Director must confirm that they have the necessary time to devote to their Board position prior to appointment.

Directors and senior executives are provided with services contracts, which include expectations of their role, term of appointment, termination entitlements, rights and responsibilities, access to documents, Director's Indemnity against liability, and Director's and Officer's insurance

To assist Directors to fully meet their obligations to bring an independent view to matters coming before them the Board has agreed upon a procedure in appropriate situations for Directors to take independent professional advice, at the expense of the Company, after advising the Chairman of their intention to so do. A copy of this advice is to be made available to the Board.

The Chairman is responsible for leadership of the Board and for the efficient organisation and conduct of the Board's functioning. The Chairman facilitates the effective contribution of all directors and promotes constructive and respectful relations between the Board and senior executives.

The Company undertakes appropriate checks before appointing a person, or putting forward to Shareholders a candidate for election, as a director. Shareholders are provided with all material information in the Company's possession relevant to a decision on whether or not to elect or re-elect a director. The Company undertakes appropriate checks as to character, experience and education, but not criminal history and bankruptcy, before appointing senior executives.

Techniche has a performance evaluation process which establishes objectives, key result areas and qualitative and quantitative key performance indicators for the Board, its committees, and all senior executives. Underpinning this approach is the belief that performance planning and regular performance reviews constitute sound business practice. Performance evaluations have been satisfactorily undertaken for the Board, the Audit Committee and the Remuneration & Nomination Committee during the current financial year in accordance with Company policy. Performance evaluations have been undertaken for senior executives during the current financial year in accordance with Company policy.

Induction programs are undertaken for all new senior executive appointments so as to enable them to gain an understanding of the Company's financial position, its strategies, operations and risk management framework.

The Company Secretary of Techniche is accountable directly to the Techniche board, through the Chair, on all matters to do with the proper functioning of the Board.

The Board recognises that diversity in recruitment provides the potential for economic benefits. Given the size and scale of operations of the Company the Board has decided not to adopt a Diversity Policy or a group wide HR policy enforcing diversity at this stage. Accordingly, the Board has not yet set any measurable objectives for achieving gender diversity.

It is noted that companies within the Techniche group of companies operate in various geographic regions which creates a degree of diversity as a natural consequence of interaction of different cultures.

The percentage of women employees in the whole organisation, senior executive positions and on the Board are as follows:

Whole organisation: 27%
Senior executive positions: 0%
Techniche Board: 25%

("Senior executive position" for these purposes means a person who makes, or participates in making, decisions that affect the whole, or a substantial part, of the business of the person's employer corporation; or has the capacity to affect significantly the corporation's financial standing).

Principle 2

Structure the board to be effective and add value

Considering the stage of development of the Company and the scale of its operations, the Board has formed the view that the optimum size of the Board at this time is three - four members. Three Board members is the minimum number under the Company's constitution.

The Board has established a Remuneration & Nomination Committee which carries out the functions of a nomination committee as well as of a remuneration committee. Currently, the members of the Committee are independent Directors Mrs Anastasia Ellerby (Chair) and Mr Andrew Campbell. The Committee does not comply with Recommendation 2.1 to the extent that it does not comprise of at least three members. However, the Board considers that given the size of the Company it is appropriate to have a Remuneration & Nomination Committee consisting of two directors.

Details of committee members' qualifications and attendance at committee meetings is provided in the Directors' Report included in the 2023 Annual Report.

The Remuneration & Nomination Committee has a formal charter which sets out its roles, responsibilities, membership, meeting process and performance evaluation requirements. The charter is on the Company's website.

Experience and skills in the following areas are considered necessary to enable the board to oversee the conduct of the business of Techniche. The current Board members, through diverse backgrounds, knowledge and experience, collectively possesses these to at least the appropriate extent for the business currently being, or anticipated as being, conducted.

Corporate Governance
Executive leadership
Mergers, Acquisitions and Disposals
Public Markets and Investment Portfolios
Commercial, Financial, Audit and Risk Management
Legal Requirements - Local and Relevant Foreign Jurisdictions
Operational Management
Technology and Software Industry
Market and Product Strategies and Mechanisms

The size and composition of the Board are determined in accordance with the Constitution of the Company. In addition, in accordance with the Board Charter, the Board will comprise directors with a broad range of skills, expertise and experience from a diverse range of backgrounds.

During the period 1 July 2022 to the date of this Statement the members of the Board were:

Mr Karl Jacoby (Executive Chairman) (Director from 5 August 2008 to present);
Mr Andrew Campbell (Independent Non-executive director) (Director from 27 August 2014 to present);
Mrs Anastasia Ellerby ((Independent Non-executive director) (Director from 1 July 2018 to present); and
Mr Mark Gill (Independent Non-executive director) (Director from 1 July 2018 to present).

Of the four directors currently on the Board, applying the criteria listed in the ASX Principles as relevant to assessing the independence of a director,:
1. Messrs Campbell and Gill and Mrs Ellerby are independent; and
2. the Chairman, Mr Karl Jacoby, is not independent by reason of the fact that (i) he is employed in an executive capacity (Chairman & CEO) by the Company; and (ii) his associates hold a substantial interest in the Company's issued capital.

Accordingly, applying the criteria listed in the ASX Principles & Recommendations as relevant to assessing the independence of a director, the Board is comprised of a majority of independent directors.

Details of each Director's skills, experience and expertise relevant to their position and their term in office and details of their attendance at Board and Committee meetings are set out in the Directors' Report included in the 2023 Annual Report.

While the current Chairman, Mr Karl Jacoby, may not be independent within the meaning of the ASX Principles & Recommendations, given the small size of the Company and his experience as an investor, with a personal stake in building shareholder value, the Chairman plays a mentoring role in relation to discharge of management

functions by Senior Executives of business units and, in the opinion of the Company's independent directors, brings independent oversight to the discharge of his duties as Chairman.

New Directors undergo an induction process in which they are given a full briefing on the Company. Where possible, this includes meetings with key executives, tours of the operating sites (if practicable), and provision of an induction package containing key corporate information and presentations. Each Director also has access to the Company Secretary.

In order to achieve continuing improvement in Board performance all Directors are encouraged to undergo continual professional development. This includes education concerning key developments in the Company and in the industry and environment in which the Company operates. It is assumed that the Company's directors will undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively. It is noted that three of the Company's four directors are members of the Australian Institute of Company Directors (AICD) which brings with it the opportunity for continual professional development and that the fourth director is a member of a professional association.

Principle 3

Instil a culture of acting lawfully, ethically and responsibly

The Company's values are set out in the Company's 2023 Annual Report.

The Board acknowledges and emphasises the importance of all Directors and employees maintaining the highest standards of corporate governance practice and ethical conduct.

A Code of Conduct has been established requiring the Directors and employees to:

act honestly and in good faith;

exercise due care and diligence in fulfilling the functions of office;

avoid conflicts and make full disclosure of any possible conflicts of interest;

encourage the reporting and investigating of unlawful and unethical behaviour;

comply with the law; and

comply with the Securities trading policy outlined in the Code of Conduct.

Directors are obliged to be independent in judgment and ensure all reasonable steps are taken to ensure due care is taken by the Board in making sound decisions.

Employees are encouraged to report any potential breaches of the Code of Conduct and the Company ensures employees are not disadvantaged for any reports made in good faith. The Company will deal with any reports promptly and fairly. Any breach of applicable laws, accepted ethical commercial practices or other aspects of the Code of Conduct will result in disciplinary action.

It is a requirement that the Company's board or a committee of the Board is informed of any material breaches of the Company's Code of Conduct. To date no material breaches have occurred.

Techniche's Code of Conduct is available on the Corporate Governance section of the Company's website. Employees, Directors, contractors, consultants and advisors are directed to refer to the Code of Conduct prior to commencing employment/engagement with the Company.

Techniche has adopted a whistleblower policy which is on the Company's website.

Techniche's anti-bribery and corruption policy is contained in the Company's Code of Conduct. The Company's board is to be informed of any material breaches of the policy.

Principle 4
Safeguarding the integrity of corporate reports

The Board has established an Audit Committee. Currently, the Audit Committee comprises Mr Andrew Campbell (Chairman) and Mr Mark Gill, who are both independent non-executive directors. Therefore the Audit Committee is chaired by an independent director. The Audit Committee does not comply with Recommendation 4.1 to the extent that it does not have at least three members. However, the Board considers that given the size of the Company it is appropriate to have an Audit Committee consisting of two directors.

Details of Committee members' qualifications and attendance at committee meetings is provided in the Directors' Report included in the 2023 Annual Report.

The Audit Committee has a formal charter which sets out its roles, responsibilities, membership, meeting process and performance evaluation requirements. The charter incorporates policies and procedures to ensure the truthful and factual presentation of the Company's financial position.

The Audit Committee reviews and recommends the approval of the Company's half year and full year financial statements. It also reviews the effectiveness of administrative, operating and accounting controls.

The Audit Committee is responsible for recommending the appointment and dismissal of external auditors. The procedures for the appointment of an external auditor are outlined in the Audit Committee Charter. Candidates for the position of external auditor must be able to demonstrate complete independence from the Company and have an ability to maintain independence throughout the engagement period. Further, the successful candidate must have arrangements in place for the rotation of the audit engagement partner on a regular basis. Other than this mandatory criteria, the Board may select an external auditor based on criteria relevant to the business of the Company such as experience in the industry in which the Company operates, references, cost and any other matters deemed relevant by the Board.

The Board reviews the performance and independence of the external auditor on an annual basis. At the time of the half-year review and full-year audit of the financial statements the external auditor formally presents to the Audit Committee a certificate confirming their independence.

No Director has any association, past or present, with Techniche's external auditor.

The Board, before it approves the Company's financial statements for a financial period, receives from its CEO and CFO a declaration that, in their opinion, the financial records of the Company 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 Company 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 Company's annual directors' reports are reviewed by the Company's external auditor in addition to being reviewed and verified for accuracy by the Company's board of directors.

The Company's external auditor attends the Annual General Meeting and is available to answer shareholder questions about:

- 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.

Principle 5
Make timely and balanced disclosure

The Board has adopted a Continuous Disclosure Policy to ensure Techniche complies with its disclosure obligations under the *Corporations Act*.

Techniche's Continuous Disclosure Policy is designed to meet market best practice, ensuring that company announcements are:

- made in a timely manner;
- factual;
- do not omit material information;
- are expressed in a clear and objective manner that allows investors to assess the impact of the information when making investor decisions.

To enhance clarity and balance in reporting, and to enable investors to make an informed assessment of the Company's performance, financial results are accompanied by a brief commentary.

In accordance with the Corporations Act, the Company gives notification (on its website) of information:

- concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's shares; and

that would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose the Company's shares.

The Company posts all such notifications on its website in an area accessible by the public.

The Company's board of directors reviews all such public announcements before they are made and receives a copy of the announcements after they are made.

Principle 6
Respect the rights of security holders

The Company provides information about itself and its governance to investors via the Company's website. The website contains a "Corporate Governance" page which contains the Company's constitution and governance documents adopted by the Company.

The Board has adopted a Communications Policy which requires communication with shareholders in an open, regular and timely manner so that the market has sufficient information to make informed investment decisions on the operations and results of the Company.

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and understanding of the Company's strategy and goals.

The Communications Policy sets out principles that the Company will apply in relation to the disclosure of material information.:

The Company gives Shareholders the option to receive communications from and send communications to the Company and its security registry electronically.

All substantive resolutions at a meeting of the Company's security holders are decided by a poll rather than by a show of hands.

Principle 7
Recognise and manage risk

The Board considers identification and management of key risks associated with the business as being vital to maximise shareholder wealth. Given the Company's size the Board has not established a separate committee to oversee risk. Rather, the Board itself identifies and manages risk in accordance with a Risk Management Framework adopted by the Board. The Risk Management Framework can be viewed on the Company's website. The Board reviews the Risk Management Framework at least annually to satisfy itself that it continues to be sound.

The Board has delegated the control of financial risk management to the Audit Committee in accordance with its Charter and has in place a Risk Management Framework to assist the Audit Committee with this function.

To support operational effectiveness and to apply a risk rating system so that resources can be appropriately allocated, the following risk management process has been adopted:

Step 1: Assessment - Integrated and consistent evaluation of risk

Step 2: Mitigation - Cost effective risk management initiatives

Step 3: Assurance - Assurance aligned to the highest risks

Step 4: Monitoring and Reporting - Escalation of major risks and consistent risk reporting.

A risk rating system which provides parameters for the estimation of the consequences and likelihood of risks is maintained to support the risk assessment process and enable the consistent application of the Risk Management Framework across the Group. Decisions as to the acceptance, avoidance and treatment of risk are driven by the ranking of risks under this system.

The Board regularly reviews risks relating to individual sales programs, ongoing implementation projects and software development programs.

Due to the size and scale of operations of the Company there is no separate internal audit function. The Chairman has been delegated the task of implementing internal controls to identify and manage risks for which the Board provides oversight. The effectiveness of these controls is monitored and reviewed regularly.

The Board receives regular reports regarding risk management from senior executives when holding monthly meetings with those executives. Management have confirmed to the Board that the Company effectively manages its material business risks.

This internal audit is independent of the external auditor. The risk management and internal control system are reviewed by the Board regularly.

The Board believes that the Company does not have any material exposure to environmental and social sustainability risks. The Company, by the nature of the business it carries on, has exposure to various economic risks which could affect the Company's results materially. Such risks include, but are not limited to, business risk, changes in law, asset impairment, litigation, contractual risk, acquisition, integration and expansion risk, dependence on key management personnel, additional capital requirements, intellectual property, competition risk, foreign exchange movements, customer concentration, remote management for diverse business units, changes in taxation law, legislative and regulatory developments, economic and financial market conditions in various countries and regions, and political risks. The Company manages these risks by (i) recognising them; (ii) monitoring them; and (iii) adopting business practices which it believes are best suited to countering or minimising the risks.

Principle 8
Remunerate fairly and responsibly

The Board has established a Remuneration & Nomination Committee which is responsible to the Board for the establishment of the remuneration framework for Directors and senior executives. Currently, the members of the Committee are independent Directors Mrs Anastasia Ellerby (Chair) and Mr Andrew Campbell. The Committee does not comply with Recommendation 8.1 to the extent that it does not comprise of at least three members. However, the Board considers that given the size of the Company it is appropriate to have a Remuneration Committee consisting of two directors.

Details of committee members' qualifications and attendance at committee meetings is provided in the Directors' Report included in the 2023 Annual Report.

The Remuneration & Nomination Committee has a formal charter which sets out its roles, responsibilities, membership, meeting process and performance evaluation requirements. The charter is on the Company's website.

The Board policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The Remuneration & Nomination Committee determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive director is subject to approval by shareholders at a General Meeting from time to time.

The Company had one executive director during the period under review (Executive Chairman Mr Karl Jacoby). Mr Jacoby as Executive Chairman is remunerated at market rates.

The remuneration packages of senior executives may include a short-term incentive component that is linked to the achievement of specific Company and individual goals.

The Company does not currently have an equity-based remuneration scheme.

The Company has adopted a Key Executive Incentive Scheme (**KEIS**) to ensure alignment between the Company and Shareholder objectives and to assist the Company in attracting and retaining key employees (including directors of the Company) by incentivising those employees to assist the Company to achieve an exit event for all of the Company's shareholders. The KEIS is not equity-based; potential returns to holders of entitlements under the KEIS are based on the consideration received in the event of an "Exit Event" ("Share Sale" or "Trade Sale"). The Company's shareholders voted to approve the issue of certain entitlements under the KEIS to the Company's non-executive directors at the Company's 2021 annual general meeting.

The Company does not have schemes for retirement benefits, other than superannuation, for non-executive directors.

Executives are not permitted to enter into transactions in associated products which limit the economic risk of participating in unvested entitlements under any equity-based remuneration schemes.