

# Corporate Governance Statement

For the year ended 30 June 2023



The Board of Directors of Southern Cross Electrical Engineering Limited ('SCEE Group' or 'the Group') is responsible for the corporate governance of the Group and accountable to the Group's shareholders.

This Corporate Governance Statement summarises SCEE Group's approach to corporate governance and its compliance with the ASX Corporate Governance Council's Principles and Recommendations ('ASX Principles') in the year ended 30 June 2023.

SCEE Group's corporate governance practices were in place throughout the year, unless otherwise stated.

The Corporate Governance Statement for the year ended 30 June 2023 was approved by the Board on 29 August 2023.

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

### Role of the Board

The Board is responsible for, and has the authority to determine, all matters relating to the management and operation of the Group.

The Board operates under a Charter, a copy of which is available in the Corporate Governance Section of the Group's website.

In exercising its responsibilities the Board seeks to identify the expectations of the shareholders, as well as other regulatory and ethical expectations and obligations. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks.

The Board is responsible for ensuring that management's objectives and activities are aligned with the expectations and risk identified by the Board. The Board has a number of mechanisms in place to ensure this is achieved including:

- Board approval of a strategic plan designed to meet stakeholders' needs and manage business risk;
- ongoing development of the strategic plan and approving initiatives and strategies designed to ensure continued growth and success of the entity; and
- implementation of budgets by management and monitoring progress against budgets – via the establishment and reporting of both financial and non-financial key performance indicators.

Other functions reserved to the Board include:

- approval of the annual and half-yearly financial reports;
- approving and monitoring the progress of acquisitions, divestitures and capital management;
- ensuring that any significant risks that arise are identified, assessed, appropriately managed and monitored; and
- reporting to shareholders.

### Board Committees

Whilst at all times the Board retains full responsibility for guiding and monitoring the Group, in discharging its stewardship it makes use of sub-committees. Specialist committees are able to focus on a particular responsibility and provide informed feedback to the Board.

To this end the Board has established the following committees:

- Audit and Risk Management Committee; and
- Nomination and Remuneration Committee.

The roles and responsibilities of these committees are discussed in this Corporate Governance Statement at Principle 2, Principle 4, Principle 7 and Principle 8.

# Corporate Governance Statement

For the year ended 30 June 2023



## Role of Management

The responsibility for the operation and administration of the Group is delegated by the Board to the Managing Director and the executive management team. The Board ensures that this team is appropriately qualified and experienced to discharge their responsibilities and has in place procedures to assess the performance of the Managing Director and the executive management team.

## Role of the Group Secretary

The Group Secretary is responsible for supporting the effectiveness of the Board and is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board.

## Appointment of Directors

Prior to appointing a director, the Board ensures that proper background checks are performed.

Directors appointed by the Board, and directors retiring on rotation in accordance with the Group's constitution, are required to be re-elected by shareholders at a General Meeting of the Group. All relevant information relating to the director's appointment, including details of their skills and experience are made available to shareholders in the notice meeting.

## Performance Evaluation

The Group has written agreements in place with each director and executive setting out the terms of their appointment and outlining the key roles and responsibilities.

The performance of the Board and key executives is reviewed regularly against both measurable and qualitative indicators. The performance criteria against which directors and executives are assessed are aligned with the financial and non-financial objectives of SCEE Group.

A review of the performance of the Board and key executives was performed during the year.

## Diversity

The Group is committed to being an equal opportunity employer, promoting and supporting a diverse workforce at all levels.

The Group has a formal Diversity Policy which encompasses ethnicity, gender, language, age, religion, socio-economic status, physical and mental ability, experience and education. A copy of the policy is available in the Corporate Governance Section of the Group's website.

The Group also has a formal indigenous strategy to encourage community engagement. This strategy outlines the Group's commitment to providing Indigenous employment opportunities, ongoing support, training and career development.

The Board is committed to supporting a broad culture of diversity, in all its forms, in our workplace. In this context, the Board does not consider it appropriate to disclose measurable objectives in respect of gender diversity, in keeping with the broad ambit of our Diversity Policy. Nevertheless, gender representation statistics are provided, for information, in line with the Corporate Governance Council's Recommendations.

Gender representation in the Group as at 30 June 2023 was as follows:

	Female (%)	Male (%)
Board representation	0%	100%
Senior executive representation	6%	94%
Group representation	9%	91%

Senior executive representation is deemed to consist of group executives and business unit or functional managers.

# Corporate Governance Statement

For the year ended 30 June 2023



## Principle 2 – Structure the Board to be effective and add value

### Board Composition

The members of the Board at the date of this Corporate Governance Statement are as follows:

<b>Name</b>	<b>Status</b>	<b>Term in office</b>
Derek Parkin	Independent Chairman	12 years, 8 years as Chairman
Graeme Dunn	Managing Director	7 years
Simon Buchhorn	Independent Non-Executive Director	8 years
Karl Paganin	Independent Non-Executive Director	8 years
Paul Chisholm	Non-Executive Director	2 years

Details of all directors to have served during the year, their qualifications, the number of meetings of the Board held during the year and the attendees at those meetings can be found in the Directors' Report in the 2023 Annual Report.

### Independence

The ASX Principles recommend that the majority of the Board of a listed entity should be independent. The Group is currently in compliance with this recommendation with the Board comprising of three independent and two non-independent directors.

Mr Dunn is not deemed to be independent as he is an executive of the Group. Mr Chisholm is not deemed to be independent as he was the Chairman of Trivantage prior to the acquisition by SCEE Group and as a significant vending shareholder of Trivantage retained a material personal interest in the deferred consideration associated with the acquisition. It is expected that Mr Chisholm will become independent during the 2024 financial year.

The Group complies with the ASX Principles recommendation that the Chairman of the Board is an independent director.

### Nomination and Remuneration Committee

The Board has established a Nomination and Remuneration Committee to provide advice, recommendations and assistance to the Board in respect of the composition of the Board and the identification and appointment of directors and senior executives.

The Committee operates under a charter approved by the Board. The charter sets out the Committees roles and responsibilities and is available in the Corporate Governance Section of the Group's website.

The members of the Committee at the date of this report are as follows:

- Karl Paganin (Chairman)
- Derek Parkin
- Paul Chisholm

Details of all directors to have served on the Committee during the year, their qualifications, the number of meetings of the Committee held during the year and the attendees at those meetings can be found in the Directors' Report in the 2023 Annual Report. A majority of the Committee, including the Chairman, are independent non-executive directors.

Mr Chisholm was appointed to the Committee on 30 August 2022. Prior to this Simon Buchhorn was a member of the Committee.

### Board Skills and Experience

The composition of the Board is reviewed regularly to ensure that there is an appropriate balance of skills, experience and diversity to perform the Board's duties effectively.

The table below sets out the key skills and experience of the Board at the current time:

# Corporate Governance Statement

For the year ended 30 June 2023



Area	Skills and experience
Leadership	Executive leadership; Strategic thinking; Risk management; Commercial acumen
Finance and compliance	Financial and accounting; Legal; Corporate governance
Operational	Project delivery; Health and safety; Industrial relations; Human resources
Sector and geographical	Electrical and other contracting; Range of sectors; Domestic and international
Growth	Mergers and acquisitions; capital markets; business development

The Board will continue to monitor and evaluate the requirement for increased Independent representation and opportunities to add gender diversity to the Board.

The Group has a process in place for inducting new directors and provides opportunities for directors to develop and maintain the knowledge and skills necessary to perform their roles. Directors are given the chance to meet regularly with management of the Group and the Board operates an annual program of director site visits.

## Principle 3 – Instil a culture of acting lawfully, ethically and responsibly

The Group has a written Code of Conduct which sets ethical standards for the directors, senior executives and employees of the Group to ensure that their duties and responsibilities to the Group are performed with integrity.

The Group also has an Anti-bribery and Corruption policy and a Whistleblower policy.

Copies of all of these policies can be found in the Corporate Governance Section of the Group's website.

## Principle 4 – Safeguard the integrity of corporate reports

### Audit and Risk Management Committee

The Board has delegated responsibility for monitoring and reviewing the integrity of financial statement and the effectiveness of internal controls to an Audit and Risk Management Committee.

The Committee operates under a charter approved by the Board. The charter sets out the Committees roles and responsibilities and is available in the Corporate Governance Section of the Group's website.

The members of the Committee at the date of this report are as follows:

- Derek Parkin (Chairman)
- Simon Buchhorn
- Paul Chisholm

Details of all directors to have served on the Committee during the year, their qualifications, the number of meetings of the Committee held during the year and the attendees at those meetings can be found in the Directors' Report in the 2023 Annual Report.

A majority of the Audit and Risk Management Committee, including the Chairman, are independent non-executive directors.

Mr Parkin, who is the Committee Chairman, is also Chairman of the Board. As a result the Group is not in compliance with the ASX Principle recommendation that the Chair of the Audit Committee is not the Chair of the Board. The Board acknowledges this non-compliance but believes that at the present time Mr Parkin is the most appropriate choice as Chair of the Committee given his extensive accounting and finance experience.

Mr Chisholm was appointed to the Committee on 30 August 2022. Prior to this Karl Paganin was a member of the Committee.

# Corporate Governance Statement

For the year ended 30 June 2023



## CEO and CFO Declaration

Prior to approving the financial statements of the Group the Board receives a declaration from the Chief Executive Officer and Chief Financial Officer 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.

## Review of Periodic Reports

All periodic reports released to the market are subject to review and approval by the Board prior to release.

## Principle 5 – Make timely and balanced disclosure

The Group is required to make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price of its securities. This includes ensuring that any new or substantive investor presentations are released to the ASX prior to the presenting to investors or analysts.

The Group has a written Continuous Disclosure policy designed to ensure compliance with the ASX Listing Rules disclosure requirements and to ensure accountability at a senior executive level for that compliance.

A copy of the Continuous Disclosure policy is available in the Corporate Governance Section of the Group's website.

Copies of all material market announcements made by the Group are circulated promptly to all directors where not already subject to board review prior to release.

## Principle 6 – Respect the rights of security holders

The Group has a written Shareholder Communication Policy aimed at providing a framework for communications with shareholders. This includes providing an opportunity to ask questions of the Board at the Annual General Meeting where shareholder participation is encouraged. A copy of this policy is available in the Corporate Governance Section of the Group's website.

The Group's ASX releases, Annual and Half Year Reports and key corporate information, including share registry details, are published on the Group's website. Shareholders can elect to receive communications either electronically or, in some instances, in hard copy.

An investor relations program is implemented annually and in the current year included half year and full year results briefings and meetings with investors and analysts.

All resolutions at a meeting of shareholders are decided by a poll rather than a show of hands.

## Principle 7 – Recognise and manage risk

The Board determines the Group's risk profile and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control. The Group's process of risk management includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information as well as non-financial considerations.

# Corporate Governance Statement

For the year ended 30 June 2023

## Audit and Risk Management Committee

The Board has delegated responsibility for establishing and maintaining a risk management framework to the Audit and Risk Management Committee. The Committee reports periodically to the full Board. Further details of the Committee can be found in Principle 4 above.

## Review of Risk Management Framework

The Group's risk management framework is continually evolving in order to maintain relevance to the businesses operations and risk exposure.

The risk management framework is reviewed at least annually by the Audit and Risk Management Committee. The review performed in the current year considered the risk management framework to be appropriate at the present time.

## Internal Audit

The Group outsources its internal audit function to an external party who performs the internal audit of key business areas on a rotational basis, typically with two areas audited every six months. The internal auditor reports their findings and recommendations to the Audit and Risk Committee.

Further, compliance with key processes such as health and safety are audited periodically by the Group's quality assurance function.

## Exposure to Material Environmental or Social Risk

The Group does not have any material exposure to environmental and social risks at the present time.

## Principle 8 – Remunerate fairly and responsibly

### Nomination and Remuneration Committee

The Board is responsible for determining and reviewing compensation arrangements for the Board and the executive team.

The Board has established a Nomination and Remuneration Committee to provide advice and recommendations with respect to remuneration matters. Further details of the Committee can be found in Principle 2 above.

### Remuneration Policies and Practices

The Group has separate policies and practices for the remuneration of non-executive directors and executive directors and senior management. Full discussion of the Group's remuneration philosophy and framework and the remuneration received by directors and executives in the current period is contained within the Remuneration Report in the 2023 Annual Report.

The Group has a Securities Trading Policy which prohibits participants in the Group's equity-based long term incentive scheme from entering into transactions (such as the use of derivative products) to limit the economic risk of participating in the scheme. A copy of the policy is available in the Corporate Governance Section of the Group's website.