



CORPORATE GOVERNANCE STATEMENT 2021

Finexia Financial Group Limited ('Finexia') is committed to the implementation and maintenance of good corporate governance practices. The Statement sets out the extent to which Finexia's Board has followed the best practice recommendations set by the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (ASX 4th Edition) during the financial year ended 30 June 2021.

The Statement is approved and authorised by the Board.

The Statement and Corporate Governance policies, which includes below, are posted on the Finexia website: www.finexia.com.au

- Board Charter
- Board Performance Evaluation Policy
- Code of Conduct
- Audit and Risk Management Committee Charter
- Remuneration and Nomination Committee Charter
- Security Trading Policy
- Continuous Disclosure Policy
- Shareholder Communications Policy
- Diversity Policy

ASX BEST PRACTICE RECOMMENDATIONS

Principal No.	Recommendation	Compliance	Comment
1.	Lay a solid foundation for management and oversight		
1.1	<p>Companies should disclose:</p> <ul style="list-style-type: none"> • the respective roles and responsibilities of its board and management; and • those matters expressly reserved to the board and those delegated to management. 	Complies	The Board's responsibilities are set out in the Company's Board Charter. Finexia Financial Group Limited's (Finexia) Board Charter is set out in the Corporate Governance Policy. The Board Charter discloses the specific responsibilities of the Board and provides that the Board shall delegate responsibility for the day-to-day operations and administration of Finexia to the Executive Director.
1.2	<p>Companies should:</p> <ul style="list-style-type: none"> • undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and • 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. 	Complies	The Board's responsibilities in relation to director appointments are set out in the Company's Board Charter. Finexia's Board Charter is set out in the Corporate Governance Policy. Appropriate checks include character, experience, education history and background including bankruptcy checks and police checks are part of the process.
1.3	Companies should have a written agreement with each director and	Complies	Finexia has entered into such agreements with each Director and senior executive

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	senior executive setting out the terms of their appointment		
1.4	The Company Secretary must be directly accountable to the Board, through the Chair on all matters to do with the proper functioning of the board	Complies	The Company Secretary has a direct reporting line and is accountable to the Board.
1.5	<p>A listed entity should:</p> <p>a) have a Diversity Policy which includes requirements for the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; to set measurable objectives for achieving gender diversity.</p> <p>b) disclose that policy or a summary of it; and</p> <p>c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's</p>	Does not comply	<p>The Company is committed to the principle of equal opportunity for all employees at all levels of employment within the Company and this is reflected in the Diversity Policy. The policy includes requirements for the Board to establish measurable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress in achieving them.</p> <p>The Company recognises that a talented and diverse workforce is a key competitive advantage. The Company is committed to developing a workplace that promotes diversity. The Company's policy is to recruit and manage based on competence and performance regardless of age, nationality, race, gender, religious beliefs, sexuality, physical ability or cultural background.</p> <p>The Board does not disclose the progress towards meeting the Policy's diversity targets at the end of each reporting period. It is the Board intention to formalise this disclosure at a time when the size of the Company and its activities warrant such disclosures.</p>

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	diversity policy and its progress towards achieving them.		
1.6	<p>A listed entity should:</p> <ul style="list-style-type: none"> • have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and • disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process. 	Does not Comply	The Chairman conducts an informal review during the financial year whereby the performance of the Board as a whole and the individual contributions of each director are discussed. The board considers that at this stage of the Company's development this informal process is appropriate.
1.7	<p>A listed entity should:</p> <ul style="list-style-type: none"> • have and disclose a process for periodically evaluating the performance of its senior executives; and • disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process. 	Does not Comply	<p>The Board meets annually to review the performance of executives. All senior executives' performance is assessed against the performance of the Company as a whole and against agreed performance indicators and targets.</p> <p>The Company does not disclose in each reporting period whether a performance evaluation has taken place. It is the Board intention to formalise this disclosure at a time when the size of the Company and its activities warrant such disclosures.</p>

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2. Structure the Board to add value			
2.1	The board of a listed entity should have a nomination committee.	Does not Comply	<p>The Company does not have a nomination committee.</p> <p>The Board considers that the Company is not currently of a size, nor are its affairs of such complexity, to justify the formation of separate or special committees at this time. The Board is able to address the governance aspects of the full scope of the Company's activities and to ensure that it adheres to appropriate ethical standards. In particular, the full Board considers those matters that would usually be the responsibility of a nomination committee. The Board considers that no efficiencies or other benefits would be gained by establishing a separate nomination committee.</p> <p>Retirement and rotation of Directors are governed by the Corporations Act 2001 and the Constitution of the Company. All Directors, with the exception of the Managing Director (if appointed), serve for a period of three years before they are requested to retire and if eligible offer themselves for re-election.</p>
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	Complies	The Company has a skills or diversity matrix in relation to its Board members which reflects the current size and scope of the Company's operations. The Board will adopt a more detailed and comprehensive matrix if and when there is a significant change in the size and scale of its activities.
2.3	A listed entity should disclose the names of the directors considered by the board to be independent directors and the length of service of each director.	Complies	<p>The Company discloses the names of the directors considered by the board to be independent directors and the length of service of each director.</p> <p>Mr Neil Sheather (appointed 10 November 2014)</p> <p>Mr Damion Ryan (appointed 15 June 2018, resigned 1 October 2020)</p> <p>Mr Jean Marc Li (appointed 23 March 2020)</p> <p>Mr Patrick Bell (appointed 1 October 2020)</p>

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2.4	A majority of the board should be independent directors.	Does not comply	<p>The Board has one independent and two non-independent Directors. Given the size of the company and numerous changes in the composition of the board during the period.</p> <p>The Company considers that each of the directors possesses the skills and experience suitable for building the Company. Although the Company does not currently have a majority of independent directors, the current composition of the Board is considered appropriate in the circumstances. It is necessary that all Board Members from time to time undertake specific executive roles, relevant to their skills and experience, given the Company's current size, operations and levels of activity.</p> <p>It is the Board's intention to review its composition on a continual basis and in line with any future changes to Company's size and level of activities.</p>

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2.5	The chair of the Board should be an independent director and should not be the same person as the Chief Executive Officer.	Does not comply	There have been one Chair of the board during the year. Neil Sheather assumed the Chairmanship on the 24 March 2020. The Chairman is not considered independent. The Board believes the Chairman brings expertise and impartial judgment to all relevant issues within his role as Chairman.
2.6	Companies should have a program for inducting new directors and providing appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their roles as directors effectively.	Does not comply	The Company does not currently have a formal induction program for new Directors nor does it have a formal professional development program for existing Directors. The Board does not consider that a formal induction program is necessary given the current size and scope of the Company's operations.
3. Act ethically and responsibly			
3.1	A listed entity should: <ul style="list-style-type: none"> • establish a code of conduct for its directors, senior executives and employees; and • disclose the code or a summary of the code or a summary of it. 	Complies	The Board has established a Code of Conduct, which is set out in the Corporate Governance Policy. The Code of Conduct provides that the Directors will act with honesty and integrity, will avoid conflicts of interest, protect confidential and proprietary information and treat others equitably and with professionalism courtesy and respect.
4. Safeguard integrity in financial reporting			
4.1	The board should establish an audit committee which: <ul style="list-style-type: none"> • consists of at least three 	Does not Comply	The Company has not established a separate audit committee. The Board considers that the Company is not currently of a size, nor are its affairs of such complexity, to justify the formation of separate or special committees at this time.

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	<p>members all of whom are non-executive directors, the majority of whom are independent directors;</p> <ul style="list-style-type: none"> • is chaired by an independent director who is not the chairman of the Board. <p>The board must disclose the charter of the audit committee, the relevant qualifications and experience of the members of the committee and the number of times the committee has met during a reporting period and the individual attendances of the members at those meetings.</p>		<p>The Board as a whole is able to address the governance aspects of the full scope of the Company's activities and to ensure that it adheres to appropriate ethical standards. In particular, the full Board considers those matters that would usually be the responsibility of an audit committee. The Board considers that no efficiencies or other benefits would be gained by establishing a separate audit committee.</p> <p>The Company requires external auditors to demonstrate quality and independence. The performance of the external auditor is reviewed and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs.</p> <p>The external audit firm partner or an appropriate delegate responsible for the Company audit attends meetings of the board by invitation.</p>
4.2	<p>Before approving a company's financials, the Board must receive declarations from the Company's 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</p>	Complies	<p>Prior to approving the Annual Accounts and Half Yearly Accounts, the Board receives the necessary declaration from the Chief Executive Officer and Chief Financial Officer.</p> <p>The Company has in place a procedure whereby prior to approval of financial statements by the Board (in addition to any formal management representation letter to the Company's auditor) the CEO and CFO provide a declaration in accordance with Sections 286 and 295(3)(b) of the Corporations Act 2001 (Cth) that financial records have been properly maintained, the financial statements comply with the accounting standards, and give a true and fair view of the financial position based on sound risk management and internal controls operating effectively. The Company has a Managing Director, Mr. Neil Sheather. The board believes that Mr. Sheather is an appropriate person for the position of Managing Director because of his experience in the finance and broking sector.</p>

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	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.		
4.3	Companies must ensure that its external auditor attends its Annual General Meeting and is available to answer questions from security holders relevant to the audit.	Complies	The Company invites the auditor or representative of the auditor to the AGM in accordance of the requirements of Section 250RA of the Corporations Act 2001 (Cth) and is available to answer questions relevant to the audit.
5. Make timely and balanced decisions			
5.1	A listed entity should: <ul style="list-style-type: none"> • have a written policy for complying with its continuous disclosure obligations under the ASX Listing Rules; and • disclose that policy or a summary of it. 	Complies	As per ASX Listing rule 3.1, the Board has adopted a Continuous Disclosure Policy which is set out in the Corporate Governance Policy. Finexia respects the rights of its shareholders and to facilitate the exercise of those rights, the Company is committed to communicating effectively with shareholders, providing shareholders with ready access to balanced and understandable information about the Company and corporate proposals and making it easier for shareholders to participate in general meetings of the Company.
6. Respect the rights of shareholders			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	Complies	Finexia has established on its website www.finexia.com.au/corporate-governance/ a corporate governance landing page from where all relevant corporate governance material can be accessed.

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6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Complies	The Company's Shareholders Communications Policy aims to ensure that the shareholders are informed of all major developments affecting the Company's state of affairs.
6.3	A listed entity should disclose the policies it has in place to facilitate and encourage participation at meetings of shareholders.	Complies	The Company's Shareholders Communication Policy is designed to ensure that shareholders are informed of all relevant developments. Finexia maintains a dedicated page on its website where shareholders and the public can access all shareholder communications.
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Complies	Through the Company's registry services provider, shareholders will be able to communicate with the Company electronically with respect to matters affecting their shareholding.

7. Recognise and manage risk			
7.1	<p>The board should establish a risk management committee which:</p> <ul style="list-style-type: none"> • has at least 3 members, the majority of whom are independent directors; • is chaired by an independent director. <p>The board must disclose the charter of the risk management committee, members of the risk management</p>	Does not comply.	<p>The Company does not have a separate risk management committee. The role of the risk management committee is undertaken by the full Board, which comprises a Chairman and a Non-Executive Director.</p> <p>The Board considers that, given the current size and scope of the Company's operations and that no one Director holds a full time executive position in the Company, efficiencies or other benefits would not be gained by establishing a separate risk management committee at present. As the Company's operations grow and evolve, the Board will reconsider the appropriateness of forming a separate risk management committee. However, the Board has adopted a Risk Management Policy that sets out a framework for a system of risk management and internal compliance and control, and this is available on the Company's website.</p>

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	committee, the number of times the committee has met during a reporting period and the individual attendances of the members at those meetings.		
7.2	<p>The board should:</p> <ul style="list-style-type: none"> • review the company's risk management framework at least annually; and • disclose whether such review has taken place. 	Complies	The Board reviews the Risk Management Policy at least annually and disclose whether such a review has been undertaken.
7.3	<p>A listed entity should disclose;</p> <ul style="list-style-type: none"> • their internal audit function, how the function is structured and what role it performs; or • if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes. 	Does not comply	The Company does not have an internal audit function. The Board considers that the Company is not currently of a size, nor are its affairs of such complexity, to justify the formation of an internal audit function at this time. The Board as a whole, continually evaluates and improves the effectiveness of its risk management and internal control processes, and in doing so is subject to the overall supervision of the board.

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7.4	A listed entity should disclose whether they have any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	Complies	The Board is of the view that the Company adequately discloses the nature of its operations and relevant information on exposure to economic, environmental and social sustainability risks. The Company does not currently have material exposure to environment and social sustainability risks.
8. Remunerate fairly and responsibly			
8.1	<p>The board should establish a remuneration committee which:</p> <ul style="list-style-type: none"> • has at least 3 members, the majority of whom are independent directors; • is chaired by an independent director. <p>The board must disclose the charter of the remuneration committee, members of the remuneration committee, the number of times the committee has met during a reporting period and the individual attendances of the members at</p>	Does not comply	<p>The Company does not have a remuneration committee.</p> <p>The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the formation of separate or special committees at this time. The Board as a whole is able to address the governance aspects of the full scope of the Company's activities and to ensure that it adheres to appropriate ethical standards. In particular, the full Board considers those matters that would usually be the responsibility of a remuneration committee. The Board considers that no efficiencies or other benefits would be gained by establishing a separate remuneration committee.</p>

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	those meetings.		
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors from that of executive directors and other senior executives.	Does not comply	This information is also set out in the Remuneration Report contained in the Company's Annual Report for each financial year.
8.3	Companies which have equity-based remuneration schemes should have and disclose 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.	Complies	The Company does not have an equity-based remuneration scheme.