

# CORPORATE GOVERNANCE STATEMENT

For the year ended  
30 June 2021

ABN 48 112 252 114



MAINSTREAM

# CORPORATE GOVERNANCE STATEMENT

This Corporate Governance Statement ("Statement") has been approved by the Board. It describes the corporate governance arrangements for Mainstream Group Holdings Limited and its subsidiaries (the "Group"). The Board sets Mainstream's governance practices having regard to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th Edition) ("Recommendations"), corporate best practice and the best interests of shareholders. The principal features of the Group's governance framework are set out in this Corporate Governance Statement. This Statement reports the Group's compliance with the Recommendations and also documents relevant governance practices that were updated during the year to reflect the 4<sup>th</sup> Edition of the Principles and Recommendations that applied to the Group from 1 July 2020.

The Group is committed to adopting best practice in corporate governance where these practices are appropriate to the business.

This Corporate Governance Statement sets out the Company's current compliance with the Recommendations and is current as at 27 August 2021 and has been approved by the Board.

References to 'Annual Report' in this Corporate Governance Statement refer to the Company's 2021 Annual Report as published on 27 August 2021 and available for download from the Company's website at <https://www.mainstreamgroup.com/shareholder-centre/financial-information/>.

# PRINCIPLE 1. LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

## 1.1 Board Charter

Mainstream has a Board Charter, publicly available on the Company website, that sets out:

- (a) the respective roles and responsibilities of the Board; and
- (b) those matters expressly reserved to the Board and those delegated to management.

## 1.2 Roles and responsibilities of the Board and management

The Board is responsible for the corporate governance of the Group. The Board accepts this role with the objective of ensuring the long-term prosperity of the Group for the benefit of its shareholders, employees, contractors, consultants and clients.



## 1.3 Appointment and re-election of Board members

The Remuneration and Human Resources Committee assists the Board in decision making by reviewing and making recommendations in relation to the appointment of new directors.

Prior to appointing a new director, the Company conducts background and reference checks and criminal/police checks.

The Company provides shareholders with material information, including the Board's recommendations that are relevant to a shareholder's decision regarding whether to elect or re-elect a Director at the Annual General Meeting.

### 1.3 Terms of appointment

The Company has a written agreement in place with each of its directors.

### 1.4 Company Secretary

The responsibilities of the company secretary are outlined in Section 11 of the Board Charter, including the accountability that the company secretary has to the Board (through the Chair) on all matters to do with the proper functioning of the Board. The Board is responsible for the appointment and, where appropriate, the replacement of the Company Secretary.

### 1.5 Diversity

The Board is committed to workplace diversity and is conscious of building a diverse and inclusive workforce. The Company's Diversity Policy is available on the Company website.

The Company is a "relevant employer" under the Workplace Gender Equality Act 2012 and Mainstream Group Holdings Limited's most recent public report to the Workplace Gender Equality Agency (WGEA) is located at [www.wgea.gov.au/report/public-reports](http://www.wgea.gov.au/report/public-reports).

The Company has good gender diversity within its global workforce, with women making up 44% of employees, 56% of senior leadership and 40% of the Board.

The Board endorsed the following diversity objectives for the financial year to 30 June 2021 ("FY21"):

Diversity objective	Status
Maintain a minimum of 40% female board representation	Achieved for FY21
Maintain the gender balance within our operations' employee base	Achieved for FY21
Increase female representation in our operational manager roles	Achieved for FY21

### 1.6 Board, Committee and Director performance evaluation

The Board is committed to regular assessment of its effectiveness and believes that the contribution of individual directors is essential to improve the governance and guidance of the Company.

In accordance with Section 9.2 of the Board Charter, performance of the Board and of individual directors is required to be assessed each year. The Company has a formal process for evaluating the effectiveness, process and structure of the Board, its committees and individual directors. This assessment is in progress for the 2021 financial year.

## 1.7 Senior executive performance evaluation

There is a performance evaluation system in place throughout the financial year to assess employees, including senior executives. This includes setting and assessing key performance indicators for each employee on an annual basis.

A performance evaluation was completed in the 2021 financial year.

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

### 2.1 Remuneration and Human Resources Committee

The Remuneration and Human Resources Committee Charter outlines the role of the internal committee which is to assist the Board in decision making by reviewing and making recommendations in relation to the appointment of new directors, senior executives, the structure of remuneration packages to attract and motivate high performers, the design of the equity-based initiative plans and other employee benefit programs.

The members of the Remuneration and Human Resources Committee are:

- › Mr John Plummer (Non-executive director) - Chair of Committee;
- › Ms JoAnna Fisher (Non-executive and independent director) - Member of Committee; and
- › Mr Byram Johnston (Non-executive Chairman) - Member of Committee.

The charter of the Remuneration and Human Resources Committee is available on the Company's website.

The number of Remuneration and Human Resources Committee meetings convened in the last financial year is disclosed in the Annual Report.

## 2.2 Acquisitions Committee

The Acquisitions Committee assists the Board in reviewing and assessing potential acquisitions, strategic investments, defence activity and divestitures in accordance with the Company's strategic plan.

The members of the Acquisitions Committee are:

- › Ms JoAnna Fisher (Non-executive and independent director) - Chair of Committee;
- › Mr Byram Johnston (Non-executive Chairman) - Member of Committee; and
- › Mr Martin Smith (executive director) - Member of Committee.

The charter of the Acquisitions Committee is available on the Company's website.

The number of Acquisitions Committee meetings convened in the last financial year is disclosed in the Annual Report.

## 2.3 Board skills matrix

The Company has implemented a board skills matrix detailing the current mix of skills, qualifications and experience on the Board.

The Board's current skills matrix as at the date of this Report is summarised below:

Skills and experience	Key knowledge / experience	Collective Experience
Industry knowledge and experience	› Industry / sector knowledge	80%
	› Global experience	80%
Technical skills and experience	› Accounting / finance	88%
	› Information technology	72%
	› Risk management	76%
	› HR / remuneration experience	80%
	› Executive leadership	88%
	› Strategic and commercial acumen	88%
	› Acquisition experience	92%
Governance	› Director and listed company experience	68%
	› Governance of risk management and compliance	76%
	› Public / reputation management	72%

## **2.4 Independent directors**

The Company considers Ms Debbie Last and Ms JoAnna Fisher to be independent directors.

The length of service of each director is disclosed each year in the Annual Report.

## **2.5 Majority of the Board should be independent directors**

The current directors on the Board are listed in the Annual Report.

Only two of the current directors are considered to be independent directors as the other directors are major shareholders of the Company.

The Company will consider the appointment of further independent directors as the Company continues to grow.

## **2.6 Chair of the Board**

Mr Byram Johnston is the non-executive chairman of Mainstream Group Holdings Limited. He is a co-founder of the Group and was previously the Group's CEO before moving to non-executive responsibilities in October 2018.

While the Board recognises the principle that the Chairman should be an independent director, the Board believes that Mr Johnston is the most appropriate person to lead the Board as Chairman given his long-standing leadership and business experience. The Board remains confident that Mr Johnston is able to bring quality and independent judgement to relevant issues falling within the scope of the role of Chairman. Further the Board has processes in place to identify and manage any conflict of interest. For example, each Board meeting asks for and records any conflicts as they relate to the agenda and directors may either not participate in the decision-making process or seek independent advice where there is a potential conflict.

## **2.7 Director induction and professional development**

Under Section 5.7 of the Board Charter, each new director will, upon appointment, participate in an induction program.

This includes meeting with members of the existing Board, company secretary, management and other relevant executives to familiarise themselves with the Company, its procedures and prudential requirements and Board practices and procedures.

The Board performance assessment process provides an opportunity for directors to periodically review their professional development needs and identify opportunities to develop and maintain their skills and knowledge including professional memberships.

### **PRINCIPLE 3. INSTILL A CULTURE OF ACTING ETHICALLY AND RESPONSIBLY**

#### **3.1 Code of conduct**

The Board has adopted a Code of Conduct and articulated a set of Values that establish a culture encompassing strong corporate governance, sound business practices and good ethical conduct.

In addition, the Company has a Whistleblower Policy to encourage the disclosure of any wrongdoing while ensuring individuals who disclose wrongdoing can do so safely with confidence they will be supported and protected.

The Company has also implemented an Anti-Bribery and Corruption Policy as part of its commitment to complying with applicable laws and regulations and acting in an ethical manner consistent with the principles and values set out in the Code of Conduct.

The Code of Conduct, Values, Whistleblower Policy and Anti-Bribery and Corruption Policy are all available on the Company's website. Under Board reporting practices, the Board, or a Committee of the Board, will be informed of any material incidents reportable under the Code of Conduct, Whistleblower Policy and Anti-Bribery and Corruption Policy.

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

### **4.1 Audit Committee**

The Company has an Audit and Risk Committee to ensure its corporate reporting is adequately reviewed and that the external auditors are independent.

The Committee's structure, roles and responsibilities are detailed in the Audit and Risk Committee Charter, which is available on the Company's website. The relevant qualifications and experience of each member of the Audit and Risk Committee are disclosed in the Company's Annual Report.

The Audit and Risk Committee has 3 members:

- › Ms Debbie Last (Non-executive and independent director) - Chair of Committee;
- › Mr John Plummer (Non-executive director) - Member of Committee; and
- › Mr Byram Johnston (Non-executive Chairman) - Member of Committee.

Although the Company has implemented an Audit and Risk Committee that has at least three members as above, a majority of these are not independent directors due to the current composition of the Board. The Board is confident that the Committee has the skills, capacity and capability to independently verify and safeguard the integrity of the Company's financial statements and reporting, including the process for the appointment and removal of the external auditor and the rotation of the audit engagement partner and oversee the Company's risk management framework, notwithstanding the current composition.

The qualifications of the Committee members and the number of Committee meetings they convened in the last financial year are disclosed in the Annual Report.

For periodic corporate reports that are not audited or reviewed by an external auditor the Company has an internal approval process to ensure that the reports are materially accurate, balanced and provide investors with appropriate information to make informed decisions.

### **4.2 CEO and CFO declaration**

The Board receives representations from the CEO and CFO prior to approving financial statements that, in their opinion:

- › The financial records of the entity have been properly maintained;
- › The financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position of the performance of the entity; and
- › The opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

### 4.3 External auditor attendance at AGM

The Company's external auditor attends the Company's AGM and is available to answer questions from shareholders relevant to the audit.

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

### 5.1 Continuous disclosure obligations

The Company is committed to promoting investor confidence and ensuring that shareholders and the market are provided with timely and balanced disclosure of all material matters concerning the Company, as well as ensuring that all shareholders have equal and timely access to externally available information issued by the Company.

The Company has adopted a Continuous Disclosure Policy to outline responsibilities in relation to disclosing information to the market and shareholders, and to ensure compliance with the continuous disclosure regime under ASX Listing Rules and the *Corporations Act 2001 (Cth)*.

A copy of the presentation materials of any new and substantive investor or analyst presentations are released on the ASX Market Announcements Platform ahead of the presentation.

The company secretary ensures that the Board receives copies of all market announcements promptly after they have been made.

A copy of the Continuous Disclosure Policy is available on the Company's website.

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

### **6.1 Investor website**

The Company's website contains information about the Company and its corporate governance policies. The web address is [www.mainstreamgroup.com/shareholder-centre](http://www.mainstreamgroup.com/shareholder-centre).

### **6.2 Investor relations program**

The Company has an investor relations program to facilitate effective two-way communication with investors. The program includes the Company's AGM, Annual Report, full year and interim financial statements, investor presentations and ASX Announcements.

### **6.3 Security holder participation at meetings**

The Company and its Board encourage shareholders to actively participate at its AGMs and other meetings including providing shareholders with the opportunity to question the Board concerning the operations of the Company. Security holders' option to receive and send communications electronically. Advance notice of scheduled analyst and retail investor briefings are provided to shareholders via the ASX Market Announcements Platform.

Shareholders are encouraged to receive communications from, and send communications to, the Company and its share registry electronically. Mainstream has changed its practice at shareholder meetings to require all substantive resolutions to be decided by a poll rather than a show of hands. The Company's 2020 Annual General Meeting was held without live voting due to COVID-19 restrictions. Shareholders were still able to participate in the meeting via virtual attendance and live "Q&A".

The Company has a Shareholder Centre on its website which allows anyone to access:

- › Information about the Company's operations
- › Annual and half year reports
- › Market announcements
- › Notices of meetings of shareholders
- › Policies and charters

- › Interview and presentations
- › Key dates for shareholders
- › Shareholder maintenance forms
- › Information on ownership restrictions

The Company also has a web portal where shareholders can register to view their holdings, update their details and vote online. The web portal is accessible here:

[www.mainstreamgroup.com/listedregistryportal](http://www.mainstreamgroup.com/listedregistryportal).

Shareholders can communicate with the Company's Registry via email, phone, fax or post.

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

### **7.1 Risk Committee**

The Company has an Audit and Risk Committee that focuses on maintaining an effective system of internal control and risk management.

The Committee's structure, roles and responsibilities are detailed in the Audit and Risk Committee Charter, which is available on the Company website.

The Audit and Risk Committee has 3 members:

- › Ms Debbie Last (Non-executive and independent director) - Chair of Committee;
- › Mr John Plummer (Non-executive director) - Member of Committee; and
- › Mr Byram Johnston (Non-executive Chairman) - Member of Committee.

The Audit and Risk Committee is currently chaired by an independent director but the majority of its members are not independent due to the current composition of the Board. The committee members are considered to be the best qualified to serve their respective roles on the Committee given their background and experience.

The number of Committee meetings that were convened in the last financial year is disclosed in the Annual Report.

## 7.2 Review of risk management framework

The Company has a risk management framework, including a risk matrix, that assesses the key financial and non-financial risks that have the potential, should they occur, to result in significant consequences to the Company. The framework is integrated into the daily management of the business.

### Risk Management Framework



The Audit and Risk Committee periodically assesses the effectiveness of the Company's financial and operating risk management framework, including the management of new and emerging risks.

The Audit and Risk Committee also reviews the Company's risk matrix at least quarterly, including discussion of the key internal and external risk sources that could adversely affect the Company's prospects for future financial years. These reviews were undertaken this year. Where significant events are identified, they are considered under the Company's continuous disclosure requirements.

The number of Audit and Risk meetings convened in the last financial year is disclosed in the Annual Report.

## 7.3 Internal audit function

Given the Company's current size and stage of development, it does not currently have an internal audit function. Resourcing of the Company's compliance function has been increased over the last

year and the Company plans to build out an internal audit function in the next financial year. The process for evaluating and continually improving the effectiveness of the Company's risk management and internal control processes is overseen by the Audit and Risk Committee as outlined in Sections 4.1, 7.1 and 7.2.

A number of Group entities undertake and publish regular internal controls reports, for example a review of compliance with the Auditing and Assurance Standards Board's Guidance Statement 007 (GS 007) is published annually for the Group's Asia-Pacific fund administration businesses. The GS 007 2021 financial year report was prepared by Ernst & Young.

#### **7.4 Material exposure to environmental and social sustainability risks**

Mainstream is committed to ensuring environment and social risks are identified and managed responsibly in our business activities and relationships.

These risks, along with other business risks, are managed in accordance with the Group's risk management framework discussed in section 7.2.

As a global fund administrator involved in the transfer of cash and assets, Mainstream has a responsibility to take steps to prevent the use of its services for the purposes of money laundering, terrorist financing or other illegal activities. Mainstream has therefore implemented policies, systems and controls to detect and prevent these activities and regularly undertakes reviews of their effectiveness.

Further, the Company is committed to conducting business responsibly and ethically and to ensuring that all aspects of business practices, including supply chains are free from any form of slavery. Mainstream's Modern Slavery Statement is available on the Company's website.

As at the publication of this report, the Company does not consider that it has a material exposure to environmental risks.

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

### **8.1 Remuneration committee**

The Company has a Remuneration and Human Resources Committee with its own charter. The charter is available on the Company's website.

The members are:

- › Mr John Plummer (Non-executive director) - Chair of Committee; and
- › Ms JoAnna Fisher (Non-executive and independent director) - Member of Committee;
- › Mr Byram Johnston (Non-executive Chairman) - Member of Committee.

The Remuneration and Human Resources Committee does not currently have a majority of independent directors and the Chairman is a Non-executive but not an independent director due to the current composition of the Board. The Chairman and committee members are considered to be the best qualified to serve their respective roles on the Committee given their background and experience.

The number of Committee meetings convened in the last financial year is disclosed in the Annual Report.

### **8.2 Remuneration policies and practices**

The Company's Remuneration and Human Resources Committee Charter provides separate policies and practices regarding the remuneration of non-executive directors and the remuneration of directors and senior management.

Further information can be found in the Remuneration Report within the Annual Report.

### **8.3 Equity-based remuneration scheme**

The Company has an equity-based remuneration scheme.

Under the Company's Trading Policy, directors and all staff are prevented from trading in the Company's shares during the "black out" periods, including from the end of a statutory reporting period until the next business day after the financial results for that period are released.

Further, Key Management Personnel are prohibited from entering into transactions in products associated with the Company's securities which operate to limit the economic risk of their security holding in the Company.

The Trading Policy is available on the Company's website: [www.mainstreamgroup.com](http://www.mainstreamgroup.com).