
Corporate Governance Statement

OVERVIEW

The Board of Directors (**Board**) of Norwood Systems Limited (**the Company**) is responsible for the overall corporate governance of the Company and is committed to implementing the highest standards of corporate governance. In determining what those high standards should involve the Company has considered the Australian Securities Exchange (ASX) Corporate Governance Council's *Principles of Good Corporate Governance and Recommendations (4th Edition)* (**the Principles and Recommendations**).

In line with the above, the Board has set out the way forward for the Company in its implementation of the Principles and Recommendations. Due to the current size of the Company and the scale of its operations it is neither practical nor economic for the adoption of all of the Principles and Recommendations. Where the Company has not adhered to the Principles and Recommendations it has stated that fact in this Corporate Governance Statement. This statement is current as at 14 December 2021.

The Company's corporate governance policies are as follows and are all available on the Company's website at <https://norwoodsystems.com/investor/investor-documents>

- [Board Charter](#)
- [Code of Conduct](#)
- [Audit and Risk Committee Charter](#)
- [Remuneration & Nomination Committee Charter](#)
- [Continuous Disclosure Policy](#)
- [Security Trading Policy](#)
- [Risk Management Policy](#)
- [Diversity Policy](#)
- [Shareholders Communications Strategy](#)
- [Anti-Bribery and Anti-Corruption Policy](#)
- [Whistleblower Policy](#)
- [Social Media Policy](#)
- [Performance Evaluation Policy](#)

Principle / Recommendation	Compliance	Reference	Commentary
Principle 1: Lay solid foundations for management and oversight			
<p>Recommendation 1.1 A listed entity should have and disclose a board charter setting out:</p> <p>(a) the respective roles and responsibilities of its board and management; and</p> <p>(b) those matters expressly reserved to the board and those delegated to management.</p>	Yes	Board Charter, Code of Conduct and Website	<p>The Company has adopted a Board Charter, which discloses the specific responsibilities of the Board.</p> <p>The Board is responsible for promoting the success of the Company in a way which ensures that the interests of shareholders and stakeholders are promoted and protected. The Board may delegate some powers and functions to the CEO for the day-to-day management of the Company. Powers and functions not delegated remain with the Board. The key responsibilities and functions of the Board include the following:</p> <ul style="list-style-type: none"> • appointment of the Managing Director/CEO and other senior executives and the determination of their terms and conditions including remuneration and termination; • driving the strategic direction of the Company, ensuring appropriate resources are available to meet objectives and monitoring management’s performance; • reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance; • approving and monitoring the progress of major capital expenditure, capital management and significant acquisitions and divestitures; • approving and monitoring the budget and the adequacy and integrity of financial and other reporting; • approving the annual, half yearly and quarterly accounts; • approving significant changes to the organisational structure; • approving the issue of any shares, options, equity instruments or other securities in the Company; • ensuring a high standard of corporate governance practice and regulatory compliance and promoting ethical and responsible decision making; • recommending to shareholders the appointment of the external auditor as and when their appointment or re-appointment is required to be approved by them; and • meeting with the external auditor, at their request, without management being present. <p>The Board’s role and the Company’s corporate governance practices are periodically reviewed and improved as required.</p> <p>Full details of the roles and responsibilities of the Board and the company secretary of the Company (Company Secretary) are contained in the Board Charter.</p>
<p>Recommendation 1.2 A listed entity should:</p> <p>(a) undertake appropriate checks before appointing a director or senior executive, or</p>	Yes	Director Selection Procedure and Website	<p>Directors of the Company (Directors) are appointed based on the specific governance skills required by the Company. Given the size of the Company and the business that it operates, the Company aims at all times to have at least one Director with experience appropriate to the Company’s operations. The Company’s current directors all have relevant experience in the operations. In addition, Directors</p>

Principle / Recommendation	Compliance	Reference	Commentary
<p>putting someone forward for election, as a director; and (b) 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.</p>			<p>should have the relevant blend of personal experience in:</p> <ul style="list-style-type: none"> • Accounting and financial management; and • Director-level business experience. <p>In respect of any future Directors, the Company will continue to conduct specific and appropriate checks of candidates prior to their appointment or nomination for election by shareholders. However the Company does not propose to conduct these checks prior to nominating an existing Director for re-election by shareholders at a general meeting on the basis that it is not considered necessary in the Company's circumstances.</p> <p>The composition of the Board is assessed annually with due consideration given to ensure each potential candidate had the appropriate experience and strong professional reputation in their industry, that would be of value to the Company.</p> <p>Currently, the Company includes in its notice of meetings a brief biography which sets out relevant qualifications and professional experience, of each Director who stands for election or re-election, for consideration by shareholders.</p>
<p>Recommendation 1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>	Yes	Kept at registered office	<p>The Company seeks to engage or employ its Directors and other senior management under written agreements setting out key terms and otherwise governing their engagement or employment by the Company.</p> <p>The Company's CEO and Director is employed pursuant to written agreements with the Company and each non-executive Director is engaged under a letter of appointment.</p>
<p>Recommendation 1.4 The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.</p>	Yes	Board Charter And Website	<p>The Company Secretary reports directly, and is accountable, to the Board through the Chairman in relation to all governance matters.</p> <p>Full details of the Board's and Company Secretary's roles and responsibilities are contained in the Board Charter.</p>

Principle / Recommendation	Compliance	Reference	Commentary
<p>Recommendation 1.5 A listed entity should:</p> <p>(a) have and disclose a diversity policy;</p> <p>(b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and</p> <p>(c) disclose in relation to each reporting period</p> <ol style="list-style-type: none"> 1. the measurable objectives set for that period to achieve; 2. the entity's progress towards achieving those objectives; and 3. either: <ol style="list-style-type: none"> i. the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or ii. if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act. 	<p>Yes – 1.5(a), 1.5(b) and 1.5(c)(1) & (2).</p> <p>No – 1.5(c)(3)</p>	<p>Diversity Policy and Website</p>	<p>The Board has adopted a Diversity Policy which is available on the Company's website https://norwoodsystems.com/investor/investor-documents.</p> <p>The Company is committed to workplace diversity and recognises the benefits arising from employee and board diversity, including a broader pool of high quality employees, improving employee retention, accessing different perspectives and ideas and benefiting from all available talent. Diversity includes, but is not limited to, gender, age, ethnicity and cultural background.</p> <p>The Board is responsible for developing objectives and strategies, if any, to meet the objectives of the Diversity Policy and will report at least annually on the progress against and achievement of these objectives. The Board may also set measurable objectives for achieving gender diversity. The Board is responsible for implementing, monitoring and reporting on any measurable objectives it has set.</p> <p>Given the size of the Company, no measurable objectives or strategies have been set by the Board at this stage.</p> <p>However, it is Company practice to recruit from a diverse pool of candidates for all positions, including senior management and the Board.</p> <p>As at the date of this report, the Company has the following proportion of women appointed:</p> <ul style="list-style-type: none"> • to the Board – 0% • to senior management – 0% • to the organisation as a whole – 15%
<p>Recommendation 1.6 A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>Yes - 1.6(a)</p> <p>1.6(b) ¹</p>		<p>Whilst it is the policy of the Board to conduct evaluation of its performance through its Board Charter and a Performance Evaluation Policy, the Company did not over the period conduct an evaluation of the Board, its committees and individual Directors.</p> <p>¹whilst not specifically referenced in the Annual Report it was stated that no remuneration consultants had been engaged and that the board considers that incentive options that have been issued and are a good measure of performance linked to the market price of shares and market capitalisation which is considered the best measure of the group's performance.</p>
<p>Recommendation 1.7 A listed entity should:</p>	<p>Yes – 1.7(a)</p> <p>No – 1.7(b)</p>		<p>The Company does have in place a formal processes for evaluation of its senior executives.</p>

Principle / Recommendation	Compliance	Reference	Commentary
<p>(a) have and disclose a process for periodically evaluating the performance of its senior executives at least once every reporting period; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>			There was no review performance of senior management undertaken during the period.
Principle 2: Structure the board to add value			
<p>Recommendation 2.1 The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <ol style="list-style-type: none"> 1. has at least three members, a majority of whom are independent directors; and 2. is chaired by an independent director, and disclose: 3. the charter of the committee; 4. the members of the committee; and 5. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p>Yes – 2.1(b)</p> <p>No – 2.1(a)</p>	Nomination Committee Charter and Website	<p>Given the present size of the Company, the whole Board acts as the Nomination Committee.</p> <p>The Board believes no efficiencies or other benefits could be gained by establishing a separate Nomination Committee. To assist the Board to fulfill its function as the Nomination Committee, the Board has adopted a Nomination Committee Charter. The responsibilities of the Committee include the periodic review and consideration of the structure and balance of the Board and the making of recommendations regarding appointments, retirements and terms of office of Directors.</p> <p>As a matter of practice, candidates for the office of Director are individually assessed by the Board before appointment or nomination to ensure they possess the relevant skills, experience, personal attributes and capability to devote the necessary time and commitment to the role.</p> <p>The Board intends to review the requirement for a separate nomination committee as the Company's operations grow and evolve.</p>
<p>Recommendation 2.2 A listed entity should have and disclose a board skills matrix setting out the mix of skills that the board currently has or is looking to achieve in its membership.</p>	No		The Board does not have, and has not disclosed, a skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership. Owing to the size of the Company and its operations which are expanding, the Board has not considered the need to have a skills matrix as it considers the Board to have the appropriate skills for the operations and governance of the Company. Should the Company's operations expand or change, the Board will re-consider the needs for a skills matrix.

Principle / Recommendation	Compliance	Reference	Commentary
<p>Recommendation 2.3</p> <p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p>	Yes		<p>The Company has two directors who satisfy the criteria for independence.</p> <p>As per annual report disclosure.</p>
<p>Recommendation 2.4</p> <p>A majority of the board of a listed entity should be independent directors.</p>	Yes		<p>Presently, the Board comprise a majority of “independent directors”.</p> <p>The Board considers that given the size and scope of the group at present, that it has the relevant experience on the Board and is appropriately structured to discharge its duties in a manner that is in the best interests of the Company and its shareholders, strategically and operationally.</p> <p>However, the Board does review this position at each Board Meeting and intends to review the requirement for, and benefits of, additional independent Directors as the Company’s operations grow and evolve.</p>
<p>Recommendation 2.5</p> <p>The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.</p>	Yes		<p>The roles of Chairman and CEO are performed by different persons.</p> <p>The Chairperson whilst not specifically identified in the Annual Report by name, is performed by Mr Michael Edwards who does satisfy the definition of independence for the purposes of Principle and Recommendation 2.3.</p>
<p>Recommendation 2.6</p> <p>A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.</p>	Yes		<p>The Company has a formal induction program for new Directors and encourages a professional development program for existing Directors.</p> <p>All Directors are generally experienced in various facets of professional development. Some of the current Directors have experience in other listed companies. The Board seeks to ensure that all of its members understand the Company’s operations. Directors also attend, either through the Company or for their own professional development requirements, seminars, industry conferences, technical reading and research, to maintain and develop their knowledge.</p>
Principle 3: Act ethically and responsibly			
<p>Recommendation 3.1</p> <p>A listed entity should articulate and disclose its values.</p>	Yes	<p>Website</p> <p>www.norwoodsystems.com/investor</p>	Code of Conduct and Website

Principle / Recommendation	Compliance	Reference	Commentary
<p>Recommendation 3.2 A listed entity should:</p> <p>(a) have and disclose a code of conduct for its directors, senior executives and employees; and</p> <p>(b) ensure that the board or a committee of the board is informed of any material breaches of that code.</p>	Yes	Code of Conduct and Website	<p>The Company has adopted a Code of Conduct that outlines how the Company expects its Directors and employees of the Company to behave and conduct business in the workplace on a range of issues. The Company is committed to the highest level of integrity and ethical standards in all business practices.</p> <p>The purpose of the Code of Conduct is to provide a framework for decisions and actions in relation to ethical conduct in employment. It underpins the Company's commitment to integrity and fair dealing in its business affairs and to a duty of care to all employees, clients and stakeholders.</p> <p>The Code of Conduct sets out the Company's expectations of its Directors and employees with respect to a range of issues including personal and professional behaviour, conflicts of interest, public and media comment, use of Company resources, security of information, intellectual property and copyright, discrimination and harassment, corrupt conduct, occupational health and safety, fair dealing and insider trading.</p> <p>A breach of the Code is subject to disciplinary action which may include punishment under legislation and/or termination of employment. The Code of Conduct is available on the Company's website at www.norwoodsystems.com/investor.</p>
<p>Recommendation 3.3 A listed entity should:</p> <p>(a) have and disclose a whistle-blower policy; and</p> <p>(b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.</p>	Yes	Website	The Company has adopted a whistle-blower policy.
<p>Recommendation 3.4 A listed entity should:</p> <p>(a) have and disclose an anti-bribery and corruption policy; and</p> <p>(b) ensure that the board or a committee of the board is informed of any material breaches of that policy.</p>	Yes	Website	The Company has adopted this policy and is available on its website www.norwoodsystems.com/investor .
Principle 4: Safeguard integrity in corporate reporting			
<p>Recommendation 4.1 The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <ol style="list-style-type: none"> has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and 	<p>Yes – 4.1(b)</p> <p>No – 4.1(a)</p>	<p>Audit and Risk Committee Charter and Website</p>	<p>The Board formed an Audit Committee despite the limited size and nature of the operations of the Company. The role of the audit committee is however performed at board level, as the Board believes no efficiencies or other benefits could be gained by operating a separate Audit and Risk Committee with such a small board of 3 directors. To assist the Board to fulfill its function as the Audit and Risk Committee, the Board has adopted an Audit and Risk Committee Charter.</p>

Principle / Recommendation	Compliance	Reference	Commentary
<p>2. is chaired by an independent director, who is not the chair of the board, and disclose:</p> <p>3. the charter of the committee;</p> <p>4. the relevant qualifications and experience of the members of the committee; and</p> <p>5. in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>			<p>Contained within the Board’s Governance policies are processes it employs that independently verify and safeguard the integrity of its corporate reporting. – Risk management – oversight of the risk management system, responsibilities of the audit committee, risk management and compliance and control.</p> <p>The Board has charged an independent corporate services firm with preparing the annual and half yearly reports. These reports are independently audited. The Company Secretary assists with the preparation of the Company’s quarterly financial and operational reports.</p> <p>All Company reports are reviewed by the Board before they are finalised and are given the opportunity to question and consider the information contained in the reports.</p> <p>The Audit Committee Charter provides recommendations in relation to the initial appointment of the external auditor and the appointment of a new external auditor should a vacancy arise. Any appointment of a new external auditor made by the Board must be ratified by shareholders at the next annual general meeting of the Company. Guidance is also included on working with the auditor and communication around half year reviews and annual reports in addition to assessing the auditors independence and performance.</p> <p>Proposed external auditors must be able to demonstrate complete independence from the Company and an ability to maintain independence through the engagement period. In addition, the successful candidate for external auditor must have arrangements in place for the rotation of the lead audit engagement partner on a regular basis. Other than these mandatory criteria, the Board may select an external auditor based on other criteria relevant to the Company such as references, cost and any other matters deemed relevant by the Board.</p> <p>A formal Audit Committee Charter and a Risk Management Policy has been adopted, a copy of which is available on the Company’s website at www.norwoodsystems.com/investor.</p> <p>As the Company’s operations grow and evolve with an increase in board members, the Board will reconsider the appropriateness of forming a separate audit and risk committee.</p>

Principle / Recommendation	Compliance	Reference	Commentary
<p>Recommendation 4.2</p> <p>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration 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.</p>	Yes	Kept at registered office	The CEO and the Chief Financial Officer have provided a declaration to the Board in accordance with section 295A of the Corporations Act and have assured the Board that such declaration is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.
<p>Recommendation 4.3</p> <p>A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.</p>	Yes	Disclosed within its Continuous Disclosure Policy found on the website	The board all review and provide confirmation and authority separately to release with ASX after each of them has conducted validation and verification checks either by enquiry with senior executive or by reference to the Company Secretary.
Principle 5: Make timely and balanced disclosure			
<p>Recommendation 5.1</p> <p>A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under the Listing Rule 3.1.</p>	Yes	Continuous Disclosure Policy Website	<p>The Company is a "disclosing entity" pursuant to section 111AR of the Corporations Act 2001 and, as such, is required to comply with the continuous disclosure requirements of Chapter 3 of the ASX Listing Rules and section 674 of the Corporations Act.</p> <p>As such, the Company has a Continuous Disclosure Policy. The purpose of this Continuous Disclosure Policy is to ensure the Company complies with continuous disclosure requirements arising from legislation and the Listing Rules of the ASX. The Policy sets out the procedure for:</p> <ul style="list-style-type: none"> • protecting confidential information from unauthorised disclosure; • identifying material price sensitive information and reporting it to the Company Secretary for review; • ensuring the Company achieves best practice in complying with its continuous disclosure obligations under legislation and the Listing Rules; and • ensuring the Company and individual officers do not contravene legislation or the Listing Rules. <p>The Company has obligations under the Corporations Act 2001 and ASX Listing Rules to keep the market fully informed of information which may have a material effect on the price or value of the Company's securities and to correct any material mistake or misinformation in the market. The Company discharges these obligations by releasing information to the ASX in the form of an ASX release or disclosure in other relevant documents (e.g. the Annual Report).</p> <p>The Company recognises that the maintenance of confidentiality is also of paramount importance to</p>

Principle / Recommendation	Compliance	Reference	Commentary
			<p>the Company both to protect its trade secrets and to prevent any false market for the Company's shares from developing.</p> <p>All relevant information provided to ASX in compliance with the continuous disclosure requirements of legislation and the Listing Rules is promptly posted on the Company's web site www.norwoodsystems.com/investor.</p>
<p>Recommendation 5.2 A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.</p>	Yes	Continuous Disclosure Policy	All material announcements are both reviewed and approved by the Board prior to announcement with copies of the announcement promptly provided to directors.
<p>Recommendation 5.3 A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.</p>	Yes	Continuous Disclosure Policy	Process is followed in addition to webinar links and invites lodged with ASX Market Announcements Platform.
Principle 6: Respect the rights of security holders			
<p>Recommendation 6.1 A listed entity should provide information about itself and its governance to investors via its website.</p>	Yes	Shareholders Communication Policy	Information on the Company's Corporate Governance, including copies of its various corporate governance policies and charters, is available on the Company's website. www.norwoodsystems.com/investor
<p>Recommendation 6.2 A listed entity should have an investor relations program that facilitates effective two-way communication with investors.</p>	Yes	Shareholders Communication Policy and Social Media Policy	<p>The Company has a Shareholder Communications Strategy that promotes effective communication with shareholders and encourages presentation of information to shareholders in a clear, concise and effective manner. The Board aims to ensure that Shareholders are informed of all major developments affecting the Company's state of affairs. Information is communicated to Shareholders through the annual report, half yearly report, quarterly reports, disclosures and announcements made to the ASX, the annual general meeting and general meetings and through the Company's website.</p> <p>The Shareholder Communications Policy is available on the Company's website at www.norwoodsystems.com/investor.</p>
<p>Recommendation 6.3 A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.</p>	Yes	Shareholders Communication Policy	<p>In accordance with the Company's Shareholder Communications Strategy, the Company supports shareholder participation in general meetings and seeks to provide appropriate mechanisms for such participation, which will be reviewed regularly to encourage the highest level of shareholder participation.</p> <p>The Company considers general meetings to be an effective means to communicate with shareholders and encourages shareholders to attend general meetings. In preparing for general meetings, the Company will draft the notice of meetings and related explanatory information so that they provide all of the information that is relevant to the shareholders in making decisions on matters to be voted</p>

Principle / Recommendation	Compliance	Reference	Commentary
			on by them at the meeting. Information will be presented in a clear, concise and effective manner.
Recommendation 6.4 A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.	Yes		Whilst a formal policy is not in place the Company does vote for all resolutions at its meetings by Poll rather than a show of hands.
Recommendation 6.5 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Yes	Shareholders Communication Policy	<p>The Company through its share registry has a portal to facilitate shareholders electing to receive communications by electronic means including all company notices of meetings and shareholder communications.</p> <p>The Company considers that communicating with shareholders by electronic means is an efficient way to distribute information in a timely and convenient manner.</p> <p>In accordance with the Shareholder Communications Policy shareholders can register with the Company's Registrar to receive email notifications of when an announcement is made by the Company to the ASX, including the release of the annual, half yearly and quarterly reports. Links are made available to the Company's website on which all information provided to the ASX is immediately posted.</p>
Principle 7: Recognise and manage risk			
Recommendation 7.1 The board of a listed entity should: <p>(a) have a committee or committees to oversee risk, each of which:</p> <ol style="list-style-type: none"> has at least three members, a majority of whom are independent directors; and is chaired by an independent director, and disclose: the charter of the committee; the members of the committee; and as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management</p>	Yes – 7.1(b) No – 7.1(a)	Website	<p>The Company does not have a separate Risk Management Committee.</p> <p>The role of the Risk Management Committee is undertaken by the full Board. The Board determines the Company's risk profile and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control.</p> <p>The Company's Risk Management Policy is available on the Company's website at www.norwoodsystems.com/investor which sets out a framework for a system of risk management and internal compliance and control, whereby the Board delegates day-to-day management of risk to management.</p> <p>The Board will delegate to the CEO responsibility for implementing the risk management system who will submit particular matters to the Board for its approval or review. The Managing Director/COO is required to report to the Board on the management of risk.</p> <p>The Board monitors risk through various arrangements including:</p> <ul style="list-style-type: none"> regular Board meetings; share price monitoring; market monitoring; and regular review of financial position and operations. <p>The responsibility for undertaking and assessing risk management and internal control effectiveness</p>

Principle / Recommendation	Compliance	Reference	Commentary
framework.			<p>is delegated to management. Management is required to assess risk management and associated internal compliance and control procedures and regularly report back to the Board.</p> <p>The Board will regularly review assessments of the effectiveness of risk management and internal compliance and control.</p> <p>The Company has developed a Risk Register in order to assist with the risk management of the Company.</p>
<p><u>Recommendation 7.2</u></p> <p>The board or a committee of the board should:</p> <p>(a) review the entity’s risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	No		<p>As the Board has responsibility for the monitoring of risk managements it has not required a formal report regarding material risks and whether those risks are managed effectively. The Board believes that the Group is currently effectively communicating its significant and material risks to the Board to justify the implementation of a more formal system of identifying, assessing, monitoring and managing risk in the Company.</p> <p>As the Company’s operations grow and evolve, the Board will reconsider the need for a more formal system of identifying, assessing, monitoring and managing risk in the Company.</p>

Principle / Recommendation	Compliance	Reference	Commentary
<p>Recommendation 7.3 A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) 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.</p>	<p>Yes – 7.3(b)</p> <p>No – 7.3(a)</p>		<p>The Company does not currently have an internal audit function. This function is undertaken by the full Board.</p> <p>The Company has adopted procedures which are set out in its Risk Management Policy as follows:</p> <p>(a) identifying and measuring risks that might impact upon the achievement of the Company’s goals and objectives, and monitoring the environment for emerging factors and trends that affect these risks;</p> <p>(b) formulating risk management strategies to manage identified risks, and designing and implementing appropriate risk management policies and internal controls; and</p> <p>(c) monitoring the performance of, and improving the effectiveness of, risk management systems and internal compliance and controls, including regular assessment of the effectiveness of risk management and internal compliance and control.</p> <p>To this end, comprehensive practices are in place that are directed towards achieving the following objectives:</p> <p>(a) compliance with applicable laws and regulations;</p> <p>(b) preparation of reliable published financial information; and</p> <p>(c) implementation of risk transfer strategies where appropriate, eg insurance.</p> <p>Management is charged with evaluating and considering improvements to the Company’s risk management and internal control processes on an ongoing basis.</p> <p>The Board considers that an internal audit function is not currently necessary given the current size and scope of the Company’s operations.</p> <p>As the Company’s operations grow and evolve, the Board will reconsider the appropriateness of creating an internal audit function.</p>
<p>Recommendation 7.4 A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	<p>Yes</p>		<p>The Company is subject to various economic, environmental and social sustainability risks, which may materially impact the Company’s ability to operate and to generate value for shareholders which has been encompassed in a Risk Matrix. These include:</p> <p>(a) Cash Reserves – Funding will be in the form of operating cashflows from businesses and equity/debt funding as when required for acquisitions. Any impact on availability of cashflow will impact operations.</p> <p>(b) Future Capital Requirements – Future funding will be required by the Company to develop various projects. There can be no assurance that such funding will be available on satisfactory terms or at all, be it via operational cashflows, debt or equity funding. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations, which may adversely affect the business and financial condition of the Company and its performance.</p>

Principle / Recommendation	Compliance	Reference	Commentary
			<p>(c) Market Conditions – Share market conditions may affect the value of the Company’s quoted securities regardless of the Company’s operating performance. Share market conditions are affected by many factors such as: general economic outlook, introduction of tax reform or other new legislation, interest rates and inflation rates, changes in investor sentiment toward particular market sections, the demand for, and supply of, capital, and terrorism or other hostilities. The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general.</p> <p>(d) Acquisition Risk –The acquisitions would complement and add to the Company's structure and enhance its service offerings. However, with acquisitions come risk of integration and the possibility that funding does not continue under the new ownership.</p> <p>The Company has adopted the Risk Management Policy and other procedures to identify, mitigate and manage these risks and other risks identified going forward. These policies are updated from time to time as the Board considers appropriate in the circumstances for the management of the Company’s risk profile.</p>
Principle 8: Remunerate fairly and responsibly			
<p>Recommendation 8.1 The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <ol style="list-style-type: none"> 1. has at least three members, a majority of whom are independent directors; and 2. is chaired by an independent director, and disclose: 3. the charter of the committee; 4. the members of the committee; and 5. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p>Yes – 8.1(b)</p> <p>No – 8.1(a)</p>		<p>The Company has not established a separate remuneration committee but does have a formal remuneration policy in place.</p> <p>Given the present size of the Company, the whole Board carries out the duties that would ordinarily be assigned to the Remuneration Committee. The Board believes no efficiencies or other benefits could be gained by establishing a separate Remuneration Committee. To assist the Board to fulfill its function as the Remuneration Committee, the Board has adopted a Remuneration Committee Policy. The Remuneration Committee Charter is available on the Company’s website at www.norwoodsystems.com/investor.</p> <p>Remuneration of Directors and Key Management Personnel is determined with regard to the performance of the Company, the performance and skills and experience of the particular person and prevailing remuneration expectations in the market. The Board will devote times on an annual basis to discuss the level and composition of remuneration for the Directors and Key Management Personnel and will ensure such remuneration is appropriate and not excessive. Details of remuneration of Directors and Key Management Personnel are disclosed in the Remuneration Report in the Annual Report. The full Board determines all compensation arrangements for Directors. It is also responsible for setting performance schemes, superannuation entitlements, retirement and termination entitlements and professional indemnity and liability insurance cover.</p> <p>Non-executive Directors’ fees are paid within an aggregate limit which is approved by the shareholders from time to time. There are no termination or retirement benefits for non-executive Directors (other than for superannuation). Non-executive Directors may be offered options as part of their remuneration, subject to shareholder approval.</p>

Principle / Recommendation	Compliance	Reference	Commentary
			Executives are prohibited from entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements.
<p>Recommendation 8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	Yes	Remuneration & Nomination Policy	The Company's policies and procedures regarding the remuneration of Executive and Non-Executive Directors and other Key Management Personnel is contained with the Remuneration Report which is within the Company's Annual Report for each financial year.
<p>Recommendation 8.3 A listed entity which has an equity-based remuneration scheme should: (a) have 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; and (b) disclose that policy or a summary of it.</p>	No		There is a current equity based remuneration plan being an employee share and option scheme. Apart from statements made in the Continuous Disclosure Policy there are no other policies that incorporate such statements. The Company will include this in a revision to existing policies