



**Magontec Limited**  
**[ASX:MGL]**

**Corporate Governance Statement**  
**Year ended 31 Dec 2021**

## **Introduction**

This document was approved by the Magontec Limited Board of Directors.

This Corporate Governance Statement discloses the extent to which Magontec Limited complies with the updated ASX Corporate Governance Principles and Recommendations (4<sup>th</sup> Edition) pursuant to ASX Listing Rule 4.10.3.

References below to 'Magontec', 'MGL' or the 'Company' refer to Magontec Limited and its wholly owned/or controlled subsidiaries.

## **Corporate Governance Context**

Corporate Governance within any company takes place in the context of the company's circumstances – relative strength and availability of human and financial resources, its stage of development and shareholder expectations.

Certain of the recommendations of the ASX Corporate Governance Principles and Recommendations (4th Edition) (as disclosed later in this document) have not been adopted by the Company.

MGL is a capital constrained company with a small team of core executives. Over the last few years Magontec has been focused on the commissioning of its Qinghai magnesium alloy cast house, which has been heavily delayed. Magontec's other businesses, magnesium alloy recycling and Cathodic Corrosion Protection anodes, have also been a productive focus of management time and efforts but remain overshadowed by the size and scope of the Qinghai project. This all takes place within the constraint of limited funding. It is a management challenge quite different from the challenges confronting a large established business. The act of judiciously allocating funding to the prime business tasks and management practices is one that requires careful balance to meet MGL's fiduciary responsibilities to members.

Summary of compliance with ASX recommendations		
Rec	Description	Comply?
1.1	Disclose the role of board and management in the Board Charter	Yes
1.2	Conduct appropriate checks before appoint directors and senior executives. Provide relevant information to security holders regarding directors nominated for the board	Yes
1.3	Written agreements or letters of appointment with each director & senior executive	Yes
1.4	The company secretary is directly accountable to the board, through the chair	Yes
1.5	Have and disclose a formal Diversity Policy	No
1.6	Have a formal Board Evaluation Process	No
1.7	Have a formal Senior Management Evaluation Process	Yes
2.1	Have a Nomination Committee, majority independent directors. Disclose responsibilities and roles	Yes
2.2	Disclose a Board Skills Matrix	Yes
2.3	Provide a description of Board Members considered independent. Disclose all relevant details	Yes
2.4	The majority of Board Members should be independent	No
2.5	The chair should be independent, and specifically should not be CEO	No
2.6	Disclose the program for inducting new directors. Provide professional development opportunities	No
3.1	Articulate and disclose its Values	Yes
3.2	Disclose a Code of Conduct. Ensure the board is informed of material breaches	Yes
3.3	Disclose a Whistleblower Policy. Ensure the board is informed of material breaches	Yes
3.4	Disclose an Anti Bribery Policy. Ensure the board is informed of material breaches	Yes
4.1	Have an Audit Committee comprising a majority of independent directors, the roles and responsibilities of which should be disclosed	No
4.2	The Board should receive S295A declaration from CEO/CFO before releasing financial statements	Yes
4.3	Disclose the process to verify any periodic corporate report released to the ASX	Yes
5.1	Have and disclose a written policy on Continuous Disclosure	Yes
5.2	Ensure the Board receives all material market announcements promptly after release	Yes
5.3	Ensure new substantive investor/analyst presentation released to ASX ahead of time	Yes
6.1	The entity should provide information about itself and its governance on its website	Yes
6.2	Implement an investor relations program, tailored to individual circumstances	Yes
6.3	Disclose policies to encourage shareholder participation at meetings	Yes
6.4	Ensure all substantive resolutions at security holder meetings are decided by poll	Yes
6.5	Provide security holders the option to receive communications electronically	Yes
7.1	Have a risk committee (majority independent directors), or disclose how risks are managed	No
7.2	Review the risk management framework each year and disclose if review has taken place	Yes
7.3	Have an internal audit function, or disclose how risks are otherwise managed	Yes
7.4	Disclose exposure/management of economic, environmental and social sustainability risks	Yes
8.1	Have a Remuneration Committee, with a majority of independent directors. Disclose responsibilities and roles	Yes
8.2	Disclose remuneration policies regarding directors & executives	Yes
8.3	Disclose if participants can hedge their equity based remuneration exposure	Yes
9.1	Disclose how directors that don't speak the language of board and security holder meetings can participate and discharge their obligations	Yes
9.2	A listed entity established outside Australia should ensure security holder meetings are held at a reasonable time and place	N/A
9.3	A listed entity established outside Australia and externally managed listed entity that has an AGM should ensure its external auditors attends and is available for questions	N/A

## **Recommendation 1.1**

**A listed entity should have and disclose a board charter setting out:**

- a) the respective roles and responsibilities of its board and management; and**
- b) those matters expressly reserved to the board and those delegated to management**

The Board of Directors is responsible for protecting the rights and interests of shareholders through the development of sound policies and strategies, ensuring their implementation, and by the development of a framework of controls over the company's resources, functions, assets, liabilities and funding.

The responsibilities of the Board and Management are primarily governed by the Magontec Limited Constitution and other relevant government legislation.

The Board's responsibilities include:

- Ensuring there are strong business controls and ethical standards/policies of behavior, including oversight of corporate governance processes
- Ensuring the significant risks facing the business have been identified and appropriate and adequate control monitoring and reporting mechanisms are in place including policies relating to continuous disclosure
- Determining strategic directions including a strategy by which specific goals for management are to be achieved and monitoring performance against these goals and objectives.
- Appointing the Chairman and Chief Executive Officer or equivalent, evaluating performance and determining the remuneration of the Chief Executive Officer and key management personnel.
- Ensuring there are policies and procedures for recruitment, training, remuneration and succession planning.
- Approving budgets and major capital expenditure

Management's responsibilities include:

- Implementation of resolutions by the Board and the strategic direction determined by the board within the framework of the company's risk appetite
- Day to day operation and administration of the company
- Providing accurate, timely and clear information to enable the board to perform its responsibilities

Further information regarding the functioning of the board can be found in the 'Magontec Corporate Governance Overview' Board Charter document located on the company's website

[www.magontec.com](http://www.magontec.com).

## **Recommendation 1.2**

**A listed entity should:**

- a) undertake appropriate checks before appointing a director or senior executive or 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**

The Remuneration & Nominations Committee considers these matters in concert with the Board, and is responsible for undertaking appropriate checks such as character, experience, education, criminal record and bankruptcy history where considered appropriate.

If a vacancy occurs on the Board, or if the size of the Board is to be increased, the Board will identify the experience, expertise and other qualities sought and identify appropriate candidates. The Board reviews the mix of experience, expertise and other qualities of the Directors. In addition to its current skills base, the Board might seek new Directors with understanding of industrial marketing and manufacturing processes and other relevant skills including international business.

Security holders will be provided with the following information for directors standing either for election or re-election:

- Biographical details (qualifications, experience and skills)
- References, where necessary
- Details of other material directorships held by the candidate

Where the candidate is standing for election for the first time, security holders will be provided with:

- Any material adverse information found relating to that particular director
- Details of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his or her capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the company and its security holders generally; and
- A statement to effect that a director will be considered as an independent director, where considered applicable.

Where the candidate is standing for re-election, security holders will be provided with:

- The term of office currently served by the director
- If the board considers the director to be independent, a statement to that effect; and
- A statement by the board as to whether it supports the election or re-election of the candidate.

### **Recommendation 1.3**

**A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.**

All executive directors and key management personnel have been provided with formal service agreements. Details of executive remuneration are disclosed in the annual report for each reporting period.

Non-executive directors have been provided with letters of appointment setting out the key terms.

### **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.**

The Company Secretary is directly accountable to the Magontec Board of Directors through the Executive Chairman on all matters to do with the proper functioning of the board.

All directors are able to communicate directly with the company secretary and vice versa and the decision to appoint or remove a company secretary is approved by the Board.

The responsibilities of the Company Secretary include:

- Advising the board and its committees on governance matters, including communications with the ASX, adherence to continuous disclosure obligations including policies regarding share dealing for all company directors, employees and consultants as well as monitoring that board and committee policy and procedures are followed
- Perform other duties and responsibilities of the Company Secretary otherwise required by the Corporations Act, the Company's Constitution, the Australian Securities Exchange (ASX) Listing Rules and any other relevant legislation or statutory regulations
- Holding ultimate responsibility for the timely completion and dispatch of board and committee papers; and
- Other board secretarial functions, including ensuring records of director interests, company details, and other shareholder details are kept up to date

### **Recommendation 1.5**

**A listed entity should:**

**(a) have and disclose a diversity policy;**

**(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**

**(c) disclose in relation to each reporting period:**

**(1) the measurable objectives set for that period to achieve gender diversity;**

**(2) the entity's progress towards achieving those objectives; and**

**(3) either:**

**(A) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or**

**(B) 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.<sup>31</sup>**

Magontec currently does not have a formal diversity policy. The Company's limited human and financial resources are focused on creating a sound financial footing from which to launch the Company's planned transformative alloy operations at Golmud in Qinghai Province, China.

The Company's priority is to produce a financial return on the capital subscribed since the 2011 rebuilding of the Company. The company will provide gender diversity with greater focus as the immediate strategic and financial rebuilding targets provide the Company with greater financial flexibility.

### **Recommendation 1.6:**

**A listed entity should:**

**(a) Have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and**

**(b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.**

Magontec does not currently have a formal process to review and evaluate the performance of its board of directors. As noted above, this is due to limited management resources in terms of the "Context" outlined above. This will be reviewed at the appropriate time.

## Recommendation 1.7

A listed entity should:

- (a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and
- (b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.

The Executive Chairman undertakes a performance review with each member of the key management personnel group on an annual basis. This was conducted during the year ended 31 December 2021 where actual performance is reviewed against KPIs agreed at the beginning of each year.

## Recommendation 2.1

The board of a listed entity should:

- (a) Have a nomination committee which:

- (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

- (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.

The members of the Remuneration & Nominations Committee during the year ended 31 December 2021 and record of meeting attendance is below:

	Independence	Attended	Held whilst in office
Mr. Robert Kaye (Chairperson)	Independent	3	3
Mr. Atul Malhotra	Independent	3	3
Mr. Zhong Jun Li	Non-independent	3	3

The Remuneration & Nominations Committee comprised a majority of independent directors during the period with Mr. Robert Kaye and Mr. Atul Malhotra deemed to be independent. The Committee was also chaired by an Independent Director, being Mr. Robert Kaye. Further detail regarding the roles and responsibilities of the Committee are included in the Charter of the Remuneration & Nominations Committee available in the Corporate Governance section of the Magontec website.



## Recommendation 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.**

The skills matrix of the Board of Directors of Magontec Limited is set out below:

Skill	Description
Leadership	Broad experience in leadership roles in listed multinational companies.
International Business Experience	Relevant business experience in an International business environment – particularly China, Europe, the US and Asia.
Strategy	Ability to formulate and implement clear strategic objectives
Engineering	Expertise in manufacturing, fabricating and industrial processes
Financial Acumen	Experience in understanding and interpreting financial accounts and setting reporting objectives
Governance	Understanding of governance matters, including adherence to ASX Listing Requirements
Legal	Expertise and experience in dealing with legal frameworks
Debt and Equity Markets	Expertise in capital structuring across both debt and equity markets

If a vacancy occurs on the Board, or if the size of the Board is to be increased, the Board will identify the experience, expertise and other qualities sought and identify appropriate candidates. The Remuneration & Nominations Committee considers these matters in concert with the Board.

The Board reviews the mix of experience, expertise and other qualities of the Directors. In addition to its current skills base, the Board might seek new Directors with understanding of industrial marketing and manufacturing processes and other relevant skills.

### Recommendation 2.3

A listed entity should disclose:

(a) The names of the directors considered by the board to be independent directors;

(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

(c) The length of service of each director.

During the year ended 31 December 2021, the directors who held office during and since the end of the financial year comprised:

Name	Position	Length of Service as at 28 February 2022	Appointed
Mr. Nicholas Andrews	Executive Chairman	14 years, 10 months	14 May 2007
Mr. Zhong Jun Li	Non-Executive Director	12 years, 6 months	31 August 2009
Mr. Andre Labuschagne	Non-Executive Director	8 years, 1 month	22 January 2014
Mr. Robert Kaye	Non-Executive Director, Independent	8 years, 7 months	19 July 2013
Mr. Atul Malhotra	Non-Executive Director, Independent	3 year, 2 months	1 January 2019
Mr. Kang Min Xie*	Non-Executive Director	8 years, 11 months*	29 November 2012
Mr. Shun Li*	Alternate Director to Mr. Kang Min Xie	4 years, 0 months*	25 October 2017

\* Mr Kang Min Xie and his alternate Mr Li Shun left the Board on 28 October 2021. Service Length calculated to this date.

Mr. Robert Kaye and Mr. Atul Malhotra are considered by the board to be independent directors. The independence of board members is assessed on an ongoing basis, the results of which are disclosed every year in the annual report.

#### **Recommendation 2.4**

**A majority of the board of a listed entity should be independent directors.**

#### **Recommendation 2.5**

**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.**

The Magontec Limited board does not comprise a majority of independent directors. In addition, the position of the chair of the board is exercised by Mr. Nicholas Andrews, who serves in the capacity of Executive Chairman.

The Board remains aware of its fiduciary and corporate governance responsibilities to shareholders. Consistent with the description under “Context” above, the company is undergoing a significant transformation which remains in progress and as a result there is a need to carefully balance limited resources to the primary business task and management practices. These practices were undertaken only after due consideration of this balance.

#### **Recommendation 2.6**

**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.**

There is no formal program for inducting directors due to limited management resources. However, senior management engages in frequent contact with each member of the Board of Directors and provides information and site visits to the directors in order to support them in building the skills and knowledge required to perform their roles effectively where possible.

#### **Recommendation 3.1**

**A listed entity should articulate and disclose its values**

The company has a Values Statement which has been posted on the Magontec website in the Corporate Governance section.

#### **Recommendation 3.2**

**A listed entity should:**

- (a) have and disclose a code of conduct for its directors, senior executives and employees; and**
- (b) ensure that the board or a committee of the board is informed of any material breaches of that code.**

The company has a Code of Conduct which has been posted on the Magontec website in the Corporate Governance section.

### **Recommendation 3.3**

**A listed entity should:**

- (a) have and disclose a whistleblower policy; and**
- (b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.**

### **Recommendation 3.4**

**A listed entity should:**

- (a) have and disclose an anti-bribery and corruption policy; and**
- (b) ensure that the board or a committee of the board is informed of any material breaches of that policy.**

The company has posted the following documents to the Magontec website in the Corporate Governance section:

- Values Statement
- Code of Conduct
- Whistle Blower Policy; and
- an Anti-Bribery and Corruption Policy

Material breaches are expected to be reported to the Board of Directors by staff.

#### Recommendation 4.1

The board of a listed entity should:

(a) Have an audit committee which:

- (1) Has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and
- (2) Is chaired by an independent director, who is not the chair of the board, and disclose:
- (3) The charter of the committee;
- (4) The relevant qualifications and experience of the members of the committee; and
- (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

(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

The members of the Finance, Audit & Compliance Committee (FAC) during the year included:

- Mr. Atul Malhotra (Chairperson)
- Mr. Andre Labuschagne
- Mr. Kang Min Xie (departed 28 October 2021)

The Finance, Audit & Compliance Committee did not comprise a majority of independent directors during the year ended 31 December 2021. The Board is of the view that despite being a non-independent director, Mr. Labuschagne offers significant expertise in financial reporting matters, thus justifying his appointment.

The Committee was chaired by an Independent Director, being Mr. Atul Malhotra. The Finance, Audit & Compliance Committee met twice during the financial year, attendance at which is recorded below:

		Attended	Held whilst in office
Mr. Atul Malhotra (Chairperson)	Independent	2	2
Mr. Andre Labuschagne	Non-independent	2	2
Mr. Li Shun (Alternate to Mr. Kang Min Xie)	Non-independent	1	2

The Charter of the Finance, Audit & Compliance Committee can be found on the Magontec website.

The relevant qualification and expertise of each of the directors is included in the biographical information located on the company's website under the Investor Relations section titled 'Directors and Management' as well as in the Annual Report.

## **Recommendation 4.2**

**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.**

In releasing this report, the company confirms that prior to approving the financial statements, the Board received from the CEO and CFO a declaration that in their opinion and in accordance with s295A of the Corporations Act:

- The financial records of the entity have been properly maintained in accordance with this Act; 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.

## **Recommendation 4.3**

**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.**

The Company releases the Appendix 4C Cashflow Report as required by the ASX on a quarterly basis using management account data. Each month, the underlying data is reviewed firstly by local management teams as well as global management teams prior to release. For quarters where there is extended commentary, the opinion of the Board of Directors may be sought depending on the nature of disclosures being made.

## **Recommendation 5.1**

**A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.**

The company has a written policy for complying with its continuous disclosure obligations pursuant to ASX Listing Rules. The policy can be found in the Corporate Governance section of the Magontec website.

## **Recommendation 5.2**

**A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.**

Board Members are generally consulted prior to release of material market announcements.

### **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.**

New and substantive investor or analyst presentations are released to the ASX prior to the presentation as they arise.

### **Recommendation 6.1**

**A listed entity should provide information about itself and its governance to investors via its website.**

Magontec provides shareholders with information about itself and its governance on its website. Refer to [www.magontec.com](http://www.magontec.com) and follow the appropriate links to the Investor Relations and Corporate Governance sections of the website.

### **Recommendation 6.2**

**A listed entity should have an investor relations program that facilitates effective two-way communication with investors.**

The company provides an opportunity for security holders to actively engage with members of its Board and Key Management Personnel at the Annual General Meeting. Magontec also responds to shareholder enquiries made from time to time as considered appropriate.

### **Recommendation 6.3**

**A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.**

In addition to the AGM, the company responds to queries from security holders who are not able to attend this meeting.

### **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.**

Commencing from the 2020 AGM, all resolutions at a meeting of security holders are decided by a poll rather than by 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.**

Shareholders are given the option to receive communications in electronic form and are encouraged to do so in order to reduce administrative costs for the company and to realise environmental benefits.

## Recommendation 7.1

The board of a listed entity should:

- (a) have a committee or committees to oversee risk, each of which:
- (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
- (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 framework.

## Recommendation 7.2

The board or a committee of the board should:

- (a) Review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and
- (b) Disclose, in relation to each reporting period, whether such a review has taken place.

The Business Risk Committee was established in December 2020, with a primary responsibility to administer risk oversight on behalf of the Board.

The members of the Business Risk Committee (BRC) during the year included:

- Mr. Nicholas Andrews (Chairperson)
- Mr. Atul Malhotra
- Mr. Andre Labuschagne

The Business Risk Committee did not comprise a majority of independent directors during the year ended 31 December 2021. The Board is of the view that despite being a non-independent director, Mr Andrews and Mr. Labuschagne offers significant expertise in business operational risk matters, thus justifying their appointments. The Committee was chaired by a Non-Independent Director, being Mr. Nicholas Andrews. The Business Risk Committee met once during the financial year, attendance at which is recorded below:

		Attended	Held whilst in office
Mr. Nicholas Andrews (Chairperson)	Non-independent	2	2
Mr. Atul Malhotra (Chairperson)	Independent	2	2
Mr. Andre Labuschagne	Non-independent	2	2

The Charter of the Business Risk Committee can be found on the Magontec website. The company continues to maintain a risk register which gives due consideration to the likely impact and probability of each risk. This register was reviewed by the Board during the year ended 31 December 2021.



### **Recommendation 7.3**

**A listed entity should disclose:**

**(a) If it has an internal audit function, how the function is structured and what role it performs; or**

**(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.**

Due to its current size and nature of operations, Magontec does not have a formal internal audit function. In addition to the Finance, Audit & Compliance Committee, the Executive Chairman and Chief Financial Officer retain primary responsibility for risk management and internal control process, engaging external consultants where deemed necessary whilst balancing limited administrative resources.

### **Recommendation 7.4**

**A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.**

Magontec has material exposure to the following categories of risk which have the potential to impact adversely on the Company:

- Safety of employees and other operational risks
- Environmental risks
- Insurance and liability risk
- Capital expenditure project delay risks
- Financial & compliance risk
- Treasury risks
- Geopolitical risks due to international operations

Each material risk is described in the MGL Risk Register that is reviewed annually by the Board. Risk mitigation are described in an associated Risk Mitigation document and actions are formulated for senior management to address the material risks identified where appropriate.

## Recommendation 8.1

The board of a listed entity should:

(a) Have a remuneration committee which:

- (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

(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.

As noted above, the members of the Remuneration & Nominations Committee during the year ended 31 December 2021 and record of meeting attendance is below:

	Independence	Attended	Held whilst in office
Mr. Robert Kaye (Chairperson)	Independent	3	3
Mr. Atul Malhotra	Independent	3	3
Mr. Zhong Jun Li	Non-independent	3	3

The Remuneration and Nominations Committee comprised a majority of independent directors during the period with Mr. Robert Kaye and Mr. Atul Malhotra deemed to be independent. The Committee was also chaired by an Independent Director, being Mr. Robert Kaye.

Further detail regarding the roles and responsibilities of the Committee are included in the Charter of the Remuneration & Nominations Committee which is available in the Corporate Governance section of the Magontec website.

## 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.**

The policies and practices regarding the remuneration of non-executive directors and the remuneration of executive and other senior executives have been included in the Annual Report and the Charter of the Remuneration & Nominations Committee. This can be found in the Corporate Governance section of the Magontec website.

### **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**

The company's policy is that any participants included in an equity-based remuneration scheme are not permitted to enter into transactions which limit the economic risk of participating in the scheme.

### **Recommendation 9.1**

**A listed entity with a director who does not speak the language in which board or security holder meetings are held or key corporate documents are written should disclose the processes it has in place to ensure the director understands and can contribute to the discussions at those meetings and understands and can discharge their obligations in relation to those documents.**

All board meetings and related documents are provided in both English and Chinese versions. Furthermore, a translator is present in both meetings in order to facilitate two-way communication.

### **Recommendation 9.2**

**A listed entity established outside Australia should ensure that meetings of security holders are held at a reasonable place and time**

Not applicable. The company does not generally hold meetings of security holders outside Australia.

### **Recommendation 9.3**

**A listed entity established outside Australia, and an externally managed listed entity that has an AGM, should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.**

Not applicable.