REMSENSE TECHNOLOGIES LIMITED
CORPORATE GOVERNANCE STATEMENT

The 2022 Corporate Governance Statement is dated as of 30 June 2022 and reflects the corporate governance practices in place throughout the 2022 financial year.

RemSense Technologies Limited (the Company) is committed to achieving and demonstrating the highest standards of Corporate Governance. The Board continues to review the framework and practices to ensure that they meet the interests of shareholders. The Company and its controlled entities together are referred to as the Group in this statement.

A description of the Group's main corporate governance practices is set out below. All these practices, unless otherwise stated, were in place for the entire year. Additionally, they comply with the 4th edition of the ASX Corporate Governance Principles and Recommendations. A copy of the Corporate Governance policies is contained on the Company's web site.

Board of Directors

Role of the Board

The primary responsibilities of the Board of Directors are set out in the Board Charter and include:

- Establishment of long-term goals of the Group and strategic plans to achieve these goals,
- Monitoring the achievement of these goals,
- Review of the management accounts and reports to monitor the progress of the Group,
- Review and adoption of budgets for the financial performance of the Group and monitoring the results on a regular basis to assess performance,
- Review and approval of the annual and interim financial reports,
- Nominating and monitoring the external auditor,
- Approving all significant business transactions,
- Appointing and monitoring senior management,
- All remuneration, development, and succession issues,
- Ensuring the Group has implemented adequate systems of risk management and internal control together with appropriate monitoring of compliance activities,
- Overseeing the process for making timely and balanced disclosure of all material information that a reasonable person would expect to have a material effect on the price or value of the Company's securities,
- Ensuring that the Company has a suitably qualified Company Secretary who shall be accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board, and
- Ensuring that the Company reports on its measurable objectives in relation to gender diversity and assesses annually both the objectives and progress in achieving gender diversity.

The Board evaluates this policy on an ongoing basis.

Board Composition

The Directors' Report contains details of the Directors' skills, experience, and education. The Board seeks to establish a Board that consists of Directors with an appropriate range of experience, skill, knowledge, and vision to enable it to operate the Group's business with excellence. To maintain this, the Group's policy is that Executive and Non-Executive Directors should serve at least three years. At the completion of the first three years, the position of the Director is reviewed to ascertain if circumstances warrant a further term.

The specific skills that the Board collectively bring to the Company include:

- Industry experience / technical qualification,
- Commercial experience,
- Public company experience,
- Analytical expertise,
- Financial expertise,
- Risk Management experience,
- Strategic planning experience,
- Strategic leadership experience,
- Corporate Governance expertise,
- Communications experience, and
- Interpersonal experience.

The Board comprises an Executive Managing Director, and three Independent Non-Executive Directors. A written agreement is entered into with each Director and Senior Executive of the Company setting out the terms of their employment.

The chair of each of the sub-committees formed by the Board has specific skills in the area for which they are responsible.

The Board does not have a Director with legal experience, as any legal work is outsourced to external lawyers.

Directors' details are set out in the Directors' Report contained within the Annual Financial Report.

The Board is responsible for identifying potential new Directors and has the option to use an external consulting firm to identify and approach possible new candidates for Directorship. When a vacancy exists, or where it is considered that the Board would benefit from the services of a new Director with particular skills, candidates with the appropriate experience, expertise and diversity are considered. Each incumbent Director is given the opportunity to meet with each candidate on a one-to-one basis. The full Board then appoints the most suitable candidate.

The Board undertakes appropriate checks before appointing a person as a Director or putting forward to shareholders a candidate for election as a Director.

The Board ensures that shareholders are provided with all material information in the Board's possession relevant to a decision on whether, or not, to elect or re-elect a Director.

The appointment of the Directors must be approved by the majority of the Shareholders at the first Annual General Meeting after the appointment.

Retirement and re-election of Directors

The Constitution of the Company requires one third of Directors (or the number nearest one third, rounded up), other than the Managing Director, to retire from office at each Annual General Meeting. Directors who have been appointed by the Board are required to retire from office at the Annual General Meeting following their appointment and are not considered in determining the number of Directors to retire at that Annual General Meeting. Retiring Directors are eligible for re-election by Shareholders.

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Independence of Directors

The Board has reviewed the position and association of each of the Directors in office at the date of this report and considers that two directors are independent. In considering whether a Director is independent, the Board has regard to the independence criteria in ASX Corporate Governance Principles and Recommendations Principle 2 and other facts, information. and circumstances that the Board considers relevant. The Board assesses the independence of new Directors upon appointment and reviews their independence, and the independence of the other Directors, as appropriate. The Board considers that Chris Sutherland, Ross Taylor and Nicole O'Connor meet the criteria in Principle 2. They have no material business or contractual relationship with the Group, other than as Directors, and no conflicts which could interfere with the exercise of independent judgement. Accordingly, they are considered to be independent.

Verification of periodic reports

Periodic reports are provided on a minimum of a quarterly basis for the company via the submission of quarterly activities reports and quarterly cash flow reports as required by the ASX. Activities reports are prepared by Directors and circulated to the full Board for review and comment to ensure accuracy with the Directors' knowledge of operations during the quarter. Financial data is prepared and sent to the Board for review against Directors' knowledge of operations for each quarter before approval for release to the market. No other periodic reports are currently prepared.

Director education

All new Directors complete an induction process. The Non-Executive Directors are given every opportunity to gain a better understanding of the business, the industry, and the environment within which the Group operates, and are given access to continuing education opportunities to update and enhance their skills and knowledge. The Board are specifically provided the opportunity to enhance their financial, regulatory and compliance skills in relation to public companies through external courses.

Independent professional advice

With prior approval of the Chairman, each Director has the right to seek independent legal and other professional advice at the Group's expense concerning any aspect of the Group's operations or undertakings to fulfil their duties and responsibilities as Directors.

Board performance review

The performance of all Directors is assessed through review by the Board as a whole of a Director's attendance at and involvement in Board meetings, their performance and other matters identified by the Board or other Directors. Significant issues are actioned by the Board. Due to the Board's assessment of the effectiveness of these processes, the Board has not otherwise formalised measures of a Director's performance.

The Directors did not conduct a formal internal performance evaluation of the Members of the Board during the reporting period as all directors were recently appointed.

Director remuneration

Details of the Group's remuneration policies are included in the "Remuneration Report" section of the Directors Report contained within the Annual Report.

Non-Executive Directors will be remunerated by cash payments (which may be settled in shares subject to shareholder approval) (including statutory superannuation) and may receive equity performance incentives, but they will not be provided with any benefits for ceasing to be a Director.

Executive Directors will be remunerated by fixed cash remuneration (which may be settled in shares subject to shareholder approval) and may receive equity performance-based remuneration, subject to obtaining all regulatory approvals from shareholders. A reasonable period of notice of termination is required and is detailed in the Executive's employment contract.

Managing Business Risk

The Group maintains policies and practices designed to identify and manage significant risks including:

- regular budgeting and financial reporting,
- procedures and controls to manage financial exposures and operational risks,
- the Group's business plan,
- corporate strategy guidelines and procedures to review and approve the Group's strategic plans,
- establish and continuously assess a Group Risk Profile which identifies all significant risks to the Group and controls that are in place to minimise or mitigate the risk, and
- insurance and risk management programs.

The Board reviews these systems and the effectiveness of their implementation and considers the management of risk at its meetings. The Board may consult with their Group's external auditors on external risk matters, or other appropriately qualified external consultants on risk generally, as required. The entity's risk management framework was assessed by the Board during the financial year.

The Board's review of business risk is also based on reports from the Audit and Risk Management Committee.

The Managing Director and Chief Financial Officer annually provide a formal statement to the Board that in all material respects and to the best of their knowledge and belief:

- the Group's financial reports present a true and fair view of the Group's financial condition and operational results and are in accordance with relevant accounting standards, and
- the Group's risk management and internal control systems are sound, appropriate, and operating efficiently and effectively.

The Company assesses its exposure to economic, environmental, and social sustainability risks on an ongoing basis. The Board assesses the likely impact of changes and implements strategies to minimise exposure to these specific risks. Based on its assessment the Board does not believe it has any unmanaged, material exposure to environment and social sustainability risks.

Due to its size and activities, the Company does not have an internal audit function. The Board has determined that the established internal controls for the Company, combined with the work of the Audit and Risk Management Committee, at this stage satisfactorily addresses the function that would otherwise be dealt with by an internal audit function.

Internal Controls

Procedures have been established at the Board and Executive management levels that are designed to safeguard the assets and interests of the Group, and to ensure the integrity of reporting. These include accounting, financial reporting and internal control policies and procedures. To ensure these established procedures are being followed, the Directors:

- ensure appropriate follow-up of significant audit findings and risk areas identified,
- review the scope of the external audit to align it with Board requirements; and
- conduct a detailed review of published accounts.

Board Committees

Audit and Risk Management Committee

The role of the Audit and Risk Management Committee is documented in a Charter which is approved by the Board of Directors. In accordance with this Charter, all members of the Committee must be Non-Executive Directors.

The primary role of the Audit function of the Committee is to:

- Assist the Board in fulfilling its overview of the audit process,
- Assist the Board in overviewing financial reporting,
- Assist the Board in fulfilling its overview of the systems of internal control which the Board and management have established,
- Monitor, review and recommend the adoption of the financial statements of the Company,
- Regularly review the adequacy of accounting, internal controls, reporting and other financial management systems and practices of the Company,
- Review the financial report and other financial information distributed externally,
- Review any new accounting policies to ensure compliance with Australian Accounting Standards and generally accepted accounting principles,
- Review audit reports to ensure that if major deficiencies or breakdowns in controls or procedures are identified, appropriate and prompt remedial action is taken by management,
- Review the nomination and performance of the auditor,
- Liaise with external auditors and ensure that the annual and half-year statutory audits are conducted in an effective manner,
- Monitor the establishment of appropriate ethical standards,
- Monitor the procedures in place to ensure compliance with the *Corporations Act 2001*, Australian Accounting Standards, Australian Securities Exchange Listing Rules, and all other regulatory requirements,
- Address any matters outstanding with the auditors, the Australian Taxation Office, the Australian Securities and Investments Commission, the Australian Securities Exchange, and financial institutions, and
- Improve the quality of the accounting function

The members of the Audit and Risk Management Committee for the Company at the date of this report were:

- Mr Ross Taylor – Independent Non-executive Director (Chair)
- Mr Chris Sutherland and Ms Nicole O'Connor – Independent Non-executive Directors

The auditors and the Managing Director are invited to attend Audit Committee meetings at the discretion of the Committee. The Committee met twice during the year.

Remuneration and Nomination Committee

The main responsibilities dealt with by the committee are set out in the Charter and include:

- Determining remuneration policies and remuneration of Directors,
- Determining remuneration and incentive policies of Key Executives,
- Determining the Group recruitment, retention and termination policies and procedures for senior management,
- Determining and review incentive schemes,
- Ensuring all Directors and senior executives have a written agreement setting out the terms of their appointment.
- Evaluation of senior executive performance. As the Group had no executives not on the Board of Directors, there was no requirement during the 2021 financial year,
- Determine and review superannuation arrangements of the Group,
- Determine and review professional indemnity and liability insurance for Directors and senior management,
- Review the Board composition to ensure the Board has the correct balance of skills and expertise,
- Appointment of the Managing Director and the Company Secretary,
- Approve the recommendation for the appointment of key management personnel.
- Succession planning for Board members and the Managing Director,
- Approve the recommended succession planning for key management personnel., and
- Identify, evaluate, and recommend candidates for the Board, the position of Managing Director and the position of Company Secretary.

If required, the Directors can seek independent external advice from consultants with specific industry experience relevant to the Company's remuneration assessment. External advice was not obtained during the 2021 financial year.

The members of the Remuneration and Nomination Committee for the Company at the date of this report were:

- Ms Nicole O'Connor – Independent Non-executive Director (Chair)
- Mr Chris Sutherland and Mr Ross Taylor – Independent Non-executive Directors

Specific policies and procedures regarding remuneration determination is contained within the Directors Report.

Ethical Standards

Code of Conduct

In pursuit of the highest level of ethical standards, the Group has adopted a Code of Conduct which establishes the standards of behaviour required of Directors and employees in the conduct of the Group's affairs. This code is provided to all Directors and employees. Unethical behaviour is to be reported to the Group's Managing Director (or in his absence, the Chairman) as soon as possible.

The Code of Conduct is based on respect for the law, and acting accordingly, dealing with conflicts of interest appropriately, using the consolidated entity's assets responsibly and in the best interests of the Company, acting with integrity, being fair and honest in dealings, treating other people with dignity and being responsible for actions and accountable for the consequences.

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Trading in the Company's Securities by Directors and Employees

The Board has adopted a policy in relation to dealings in the securities of the Group which applies to all Directors and employees. Under the policy, Directors are prohibited from short-term or "active" trading in the Group's securities and Directors and employees are prohibited from dealing in the Group's securities whilst in the possession of price sensitive information. The Company's Managing Director (or in his place, the Chairman) must be notified of any proposed transactions in the Company's shares.

This policy is provided to all Directors and employees. Compliance with it is reviewed on an on-going basis in accordance with the Company's risk management systems.

Whistle-blower Policy

The Group has in place a Whistle-blower policy, a copy of which is provided to all Group officers, employees, and contractors to encourage all parties to report conduct that inconsistent with the value upon which the Company operates. A copy is available on the Company's website.

Continuous Disclosure

The Group has in place a continuous disclosure policy, a copy of which is provided to all Group officers and employees who may from time to time be in possession of undisclosed information that may be material to the price or value of the Group's securities.

The continuous disclosure policy aims to ensure timely compliance with the Company's continuous disclosure obligations under the Corporations Act 2001 and ASX Listing Rules and to ensure officers and employees of the Group understand these obligations.

The procedure adopted by the Group is essentially that any information which may need to be disclosed must be brought to the attention of the Chairman, who, in consultation with the Board (where practicable) and any other appropriate personnel (including external advisors if deemed appropriate) will consider the information and whether disclosure is required. If disclosure is deemed necessary, an appropriate announcement will be prepared for release to the market as soon as possible.

Any new or substantive investor / analyst presentation materials are released to the market ahead of the presentation.

At least once every 12 months' period, the Board will review the company's compliance with this continuous disclosure policy and update it from time to time, if necessary.

Shareholders

The Board aims to ensure that Shareholders are kept fully informed of all major developments affecting the Group. Information is communicated to Shareholders as follows:

- As the Company is a disclosing entity, regular announcements are made to the Australian Securities Exchange in accordance with the Group's disclosure policy, including the half-year review, the year-end audited accounts and an Annual Report,
- The Board ensures the Annual Report includes relevant information about the operations of the Group during the year, changes in the affairs and details of future developments,
- Shareholders are advised in writing of key issues affecting the Group by effective use of the Group's share registry or electronically via the website,
- Shareholders are provided the opportunity to receive communications electronically through the Company's share registry,
- Any proposed major changes in the Group's affairs are submitted to a vote of Shareholders, as required by the Corporations Act 2001 and the ASX Listing Rules,

Shareholders (continued)

- The Board encourages full participation of Shareholders at the Annual General Meeting to ensure a high level of accountability and identification of the Group's strategies and goals. All Shareholders who are unable to attend these meetings are encouraged to communicate or ask questions by writing to the Group,
- All substantive resolutions at meetings of Shareholders are decided via poll rather than on a show of hands,
- The external auditor is requested to attend the Annual General Meetings to answer any questions concerning the audit and the content of the auditor's report, and
- The Board seeks feedback from proxy advisers to assess the appropriateness and adequacy of its reporting to shareholders

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The Board reviews this policy and compliance with it on an ongoing basis.

Diversity Policy

The Group is committed to workplace diversity at all levels and recognises the benefits arising from employee and Board diversity. The benefits include a broader pool of high-quality employees, improved employee retention, accessing different perspectives and ideas, and benefitting from all available talent.

The Group recognises that diversity includes matters of age, disability, ethnicity, marital and family status, religion and culture, sexual orientation, and gender identity.

The Group strives to:

- Recruit and manage on the basis of an individual's competence, qualification and skills and performance,
- Create a workplace culture characterised by inclusive practices and behaviours for the benefit of all staff,
- Appreciate and respect the unique aspects that an individual brings to the workplace,
- Where possible and practicable, increase participation and employment opportunities for indigenous people,
- Create a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences, and perspectives through improved awareness of the benefits of workplace diversity and successful management of diversity, and at all times recognising that employees may have restrictions placed on them by domestic responsibilities outside the workplace,
- Take action to prevent discrimination, harassment, vilification, or victimisation,
- Create awareness in all staff of their rights and responsibilities with regards to fairness, equity, and respect for all aspects of diversity, and
- Identify and implement programs that will assist in the development of a broader and more diverse pool of skilled and experienced employees, and to offer employees opportunities to reach management levels with the Group.

The Board assesses annually the progress in relation to workplace diversity.

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ASX Corporate Governance principals and recommendations not followed - "if not, why not" approach

Pursuant to the ASX Listing Rules, the Company advises that it does not comply with the following Corporate Governance Principles and Recommendations, issued by the ASX Corporate Governance Council. Reasons for the Company's non-compliance are detailed below.

The Board should set measurable objectives for gender diversity:

Given the Company has only recently commenced its operations as a listed entity and the relatively small size of the Company, the Board has determined that it is not yet feasible to set measurable objectives in relation to diversity. Notwithstanding this, the Company strives to provide the best possible opportunities for current and prospective employees of all backgrounds in such a manner that best adds to overall shareholder value and which reflects the values, principles and spirit of the Diversity, Equality and Inclusion Policy.

This statement is current as at 30 June 2022 and has been approved by the Board.