

# Corporate Governance Statement

This Corporate Governance Statement (“Statement”) describes how Data#3 Limited (“Data#3” or the “Company”) approaches corporate governance and highlights our current key governance practices. The Board of Data#3 is committed to meeting shareholders’ expectations of best practice corporate governance as they evolve. Corporate governance practices are reviewed periodically to ensure they support Data#3’s ongoing focus on delivering sustainable performance and shareholder value.

An overview of our corporate governance framework is set out below:



During the year, our longstanding Chairman, Mr Richard Anderson, retired at the conclusion of the 2023 Annual General Meeting. Mr Mark Gray was appointed Chairman of the Board with effect from 31 October, 2023. Also, our longstanding Managing Director, Mr Laurence Baynham, retired with effect on 1 March, 2024. Mr Bradley Colledge, who commenced with Data#3 in 1995, was appointed as CEO and Managing Director (MD) with effect from 1 March 2024. Otherwise, there were no changes to Board composition or leadership during the 2024 financial year.

The Board has established a structured self-assessment process to review and evaluate the performance of the Board as a whole, its committees, and the Board’s interaction with management. Following the Board performance evaluation commenced in FY23, and subsequent to Mr Gray’s appointment as Chair of the Board, various practices have been reviewed and modified during FY24.

Directors, other than the MD, are subject to re-election in accordance with Data#3’s Constitution. Details of the re-election of each director are set out in the explanatory notes to the Notice of AGM. Mr Mark Gray was re-elected at the AGM held during the year.

The company undertakes appropriate external checks before any new director, executive or other employee is appointed, and a written agreement is in place between Data#3 and each individual setting out the terms of their appointment. External checking was undertaken as part of the process of appointment of Mr Colledge as CEO/MD.

The MD/CEO is the Board’s principal link to the executive management team and the MD/CEO has the authority to delegate to members of the executive leadership team within approved policies and limits, but remains accountable for all authority delegated to its members. The Board ensures the senior leadership team is appropriately qualified, experienced and resourced to discharge its responsibilities.

The performance of the MD/CEO is formally assessed half-yearly by the Board, based on a combination of financial and non-financial goals via a formal process. Each Non-Executive Director has an opportunity to contribute to the MD/CEO performance assessment. The MD/CEO is responsible for evaluating the performance of members of the executive management team. Formal evaluations of the MD/CEO and members of the executive leadership team were undertaken during the year in accordance with this process.

The efficient operation of the Board is assisted by Mr Terence Bonner, as Company Secretary, appointed in 2007. The Company Secretary is accountable to the Board, through the Chairman, for all matters to do with the proper functioning of the Board and its committees.

In developing Data#3’s corporate governance framework, the Board has considered the ASX Corporate Governance Principles and Recommendations 4th edition (ASX Principles). This statement outlines how Data#3’s corporate governance practices and policies align with those recommendations or, where there are divergences, why there are divergences and how we intend to achieve alignment in time. It is noted that the ASX Principles are under review and Data#3 will be considering enhancements to align with the 5th edition when it comes into effect.

Further information regarding Data#3’s corporate governance policies and practices can be found on the Investor Centre website at <https://investor.data3.com/Investor-Centre/>.

## Principle 1: Lay solid foundations for management and oversight

The Board is accountable to shareholders for the oversight of management of the business and is responsible for Data#3’s overall strategy, performance and governance. The Board’s responsibilities are set out in the Board’s charter, which is available on Data#3’s Investor Centre website at: <https://investor.data3.com/Investor-Centre/>.

The Board’s charter also sets out the powers and responsibilities delegated to the Managing Director (MD) / Chief Executive Officer (CEO) as necessary to recommend and implement the strategies approved by the Board and to manage the business activities of Data#3. The main duties and responsibilities of the Board are summarised as follows:

Strategic planning for the group	Involves commenting on and providing final approval of the Group’s corporate strategy and related performance objectives as developed by Group management; and monitoring Group management’s implementation of and performance with respect to that agreed corporate strategy.
Financial and risk management	Includes approving the Group’s budgets and other performance indicators and monitoring progress against them; approving and monitoring financial and other reporting, internal and external audit plans; setting the Group’s financial and non-financial risk appetite and approving enterprise risk management plans; and monitoring the progress of major capital expenditure, acquisitions and divestitures within the scope of Board approved delegations.
Corporate governance	Incorporates overseeing Data#3’s corporate governance framework, including approving Data#3’s statement of core values and code of conduct as well as changes made to key supporting Group policies; and overseeing Data#3’s reporting to shareholders and its compliance with its continuous disclosure obligations.
Overseeing Group management	Involves the appointment and (if required) removal of the Chief Executive Officer as well as the monitoring of his or her ongoing performance; and the appointment and (if required) removal of Group management personnel, including the Chief Financial Officer and Company Secretary.
Remuneration	Comprises the approval of Data#3’s overall remuneration framework and determining the remuneration of non-executive directors within the limits approved by shareholders.

Principle 1: Lay solid foundations for management and oversight (continued)

Diversity

Data#3 understands that business performance and productivity can be enhanced when we embrace the unique perspectives, skills, and experiences of our people. That is why we have an established Embrace program, which brings together our diversity and inclusion (D&I) policies, activities, and support services, to assist our efforts in fostering a diverse and inclusive workplace where our people feel a sense of belonging.

The diversity policy (and other key policies) and ‘Embrace’ program seek to provide a workplace where:

- everyone is valued and respected for their distinctive skills, experiences and perspectives;
- structures, policies and procedures are in place to assist employees to balance their professional and personal responsibilities effectively;
- recruitment processes embrace the various forms of diversity;
- employees have access to opportunities based on merit;
- the culture is free from discrimination, harassment and bullying; and
- employment decisions are transparent, equitable and procedurally fair.

Through our Embrace program we are committed to facilitating a more diverse and representative workforce and management structure. As such there are a number of measurable objectives, are summarised below:

Objective: To maintain or increase the proportion of female employees working for Data#3 over the year.

- The proportion remained steady at 33%, however remains well above the IT industry average.

Objective: To maintain or increase the proportion of women in the management team over the year.

- The proportion declined slightly from 30% to 35%.

Objective: To maintain or increase the proportion of women on the Board to at least 30%.

- The proportion increased to 40% during the year, following the retirement of Mr Anderson on 31 October, 2023.

The proportion of women on the newly formed executive management team, as established by Mr Colledge from 4 March 2024, increased to 33%.

The gender representation as at 30 June 2024 is set out in the table below:

	2024		2023	
	Female	Male	Female	Male
All employees	33%	67%	33%	67%
Management team	35%	65%	30%	70%
Executive leadership team	33%	67%	25%	75%
Board of directors (from 01.11.2023)	40%	60%	33%	67%

To view Data#3’s Employer Statement in relation to the report, visit: [www.data3.com/data3-employer-statement/](https://www.data3.com/data3-employer-statement/).

In this statement we define ‘senior executive’ as a member of the executive management team.

Principle 2: Structure the Board to add value

The Board has determined that its optimum composition will:

- have a minimum of 4 and majority of independent, non-executive directors;
- have a minimum collective level of “medium” representation across each category of the Board skills matrix; and, where reasonable, target “high” representation across each category;
- reflect Data#3’s strategic objectives.

Directors are initially selected by Board members, subject to election by the shareholders at the next AGM. Data#3’s constitution specifies that all directors (with the exception of the MD) must retire from office no later than the third AGM following their last election. Where eligible, a director may stand for re-election.

The Board is currently composed of five directors, being four non-executive directors and the Managing Director. Membership of the Board is set out in the directors’ report on page 38. Details of each individual director’s background is set out in the directors’ report on page 38 and the directors’ profiles on page 17.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee is composed of three non-executive directors and chaired by an independent director. The Committee members are Mr Gray (Chairman), Mr Esler and Ms Forrester. It is noted that Mr Esler was appointed to the vacancy on this committee, upon the retirement of Mr Anderson.

The responsibilities of the Remuneration and Nomination Committee are set out in its formal charter, which is available on Data#3’s Investor Centre website at <https://investor.data3.com/Investor-Centre/>.

The committee’s responsibilities in relation to remuneration are set out below under the heading “Principal 8: Remunerate fairly and responsibly”. The main responsibilities of the committee in relation to remuneration and nomination are:

- assessing the Board skills matrix, and size and composition of the Board;
- reviewing Board renewal and senior executive succession plans;
- reviewing remuneration structures
- evaluating the Board’s performance; and
- recommending to the Board the appointment of new directors and the CEO.

Details of the Remuneration and Nomination Committee meetings and members’ attendance are set out on page 39 in the directors’ report.

Board skills and experience

The Board, as it evolves, collectively seeks to ensure its membership includes an appropriate mix of skills, experience and personal attributes that allows it to govern and direct the Data#3 business in line with its strategy and risk appetite. The Board seeks individual directors to discharge their responsibilities collaboratively, effectively and efficiently, to understand the business of Data#3 and the environment within which it operates.

The Board maintains a skills matrix that outlines the skills and experience considered by the Board to be the appropriate combination to effectively carry out its duties. The Board skills matrix has been reviewed and updated and this year Data#3 has disclosed individual assessments. Please see the below table.

The Board has identified that, collectively, it does have the necessary mix of skills, experience, personal attributes and diversity appropriate to the current requirements of Data#3’s strategy and that, as a whole, the directors’ contribute across the different categories as set out below. Importantly, the Board benefits in key categories from Board members having specific expertise or experience (typically based on their executive or professional careers).

The specific qualifications, experience and relevant expertise of each Board member is set out in the Directors’ Report. The matrix provides important input to assist the Board in identifying potential future directors to complement the Board’s then current skill set and to address areas of future focus and development for existing directors (to the extent that is possible through additional study).

Principle 2: Structure the Board to add value (continued)

	Director				
	Mark Gray	Leanne Muller	Mark Esler	Susan Forrester	Brad Colledge
Attributes					
HEART	✓	✓	✓	✓	✓
Ethics	✓	✓	✓	✓	✓
Capacity/Time	✓	✓	✓	✓	✓
Skills / Experience					
Executive Leadership / Management	■■■	■■■	■■■	■■■	■■■
Industry / Sector	■■	■■	■■■	■■	■■■
People and Culture	■■■	■■	■■■	■■■	■■■
Strategy	■■■	■■■	■■■	■■■	■■■
Technology, Innovation & Digital	■■	■■	■■■	■■	■■■
Financial	■■■	■■■	■■	■■	■■■
Governance, Risk and Compliance	■■■	■■■	■■	■■■	■■■
Sustainability	■■	■■	■■	■■■	■■
Cyber Security	■	■■	■■■	■■■	■■■
Tenure, Diversity & Independence					
Tenure	6	8	4	2	28
Gender	M	F	M	F	M
Independence	✓	✓	✓	✓	N

- High = A strength based on tertiary qualification or organisational experience in the area. Is sufficient to be considered by peers to have a high level of skill or experience.
- Medium = Sufficient skill and expertise to be a respected contributor in the area.
- Low = Less than medium or insufficient skill and expertise in the area.

Skill / Experience Category	Summary
Executive Leadership / Management	Experience in CEO or senior executive position of listed company or government body
Industry / Sector	Knowledge and experience in the ICT industry, including customer centric, sales and delivery
People and Culture	Experience in safety & wellbeing, workplace culture, people management, organisational design, remuneration frameworks, diversity & inclusion and talent development.
Strategy	Experience in setting and execution of strategy, including performance assessment to business plan
Technology, innovation & digital	Experience in information technology platforms, understanding of digital technologies, use of data & analytics, delivering on innovation initiatives
Financial	Experience in analysing financial statements and reporting, critically assessing financial performance, budget planning, internal controls and efficient use of resources.
Governance, Risk and Compliance	Experience in implementing high standards of corporate governance, including legal skills, risk management frameworks, compliance and regulatory environments
Sustainability	Experience in areas of environment, social and governance (ESG), including climate change, reporting disclosures, and diversity issues.
Cyber Security	Experience in information security, privacy and data governance management and controls for cyber risks

Directors also maintain professional development throughout the year to enable them to discharge their duties effectively and add value. This professional development includes: regulatory updates and legislative changes including continuous disclosure, cyber security, WH&S, modern slavery, ethics, AI, industrial relations, sustainability, general industry developments and professional development required as members of the Australian Institute of Company Directors and other professional bodies. During the year, the Board formalised a professional development expense policy.

Independence

A Director is considered to be independent if they are a Non-Executive Director who is free of any interest, position or relationship that might influence, or could reasonably be perceived to influence, in a material respect, their capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company as a whole, rather than in the interests of an individual security holder or other party.

The independence of Non-Executive Directors is assessed prior to appointment and reviewed at least annually (or earlier as and when their circumstances change). Where the Board determines that a Director is no longer independent, the Company will make an announcement to the ASX at the appropriate time.

The Company's criteria for assessing director independence aligns with the guidance provided in the ASX Principles. This has been undertaken and is informed by external guidance and market standards as they evolve.

With the exception of the MD/CEO, all of the Directors are Non-Executive Directors. All current Non-Executive Directors are considered to be independent. Please see the Board skills matrix.

Mr Esler (appointed in 2019) is considered an independent, non-executive director. Mr Esler was an Executive Manager of Data\*3 until 2014 and maintains approximately 1.8% ownership of Data\*3.

Ms Muller (appointed in 2016), Mr Gray (appointed in 2017), and Ms Forrester (appointed in 2022), are considered independent non-executive directors.

To facilitate independence, directors have the right, in connection with their duties and responsibilities, to obtain independent professional advice at Data\*3's expense. Prior written approval of the Chairman is required, but this will not be withheld unreasonably. If appropriate, any advice so received will be made available to all other directors. Directors' arrangements with Data\*3 in the past have not been material and have therefore not adversely impacted the directors' independent status. Disclosure of related party transactions is set out in the financial statements.

When a potential or actual conflict of interest or a material personal interest arises in relation to any matter that concerns the affairs of Data\*3, it is the Board's policy that the director concerned must give the other directors immediate notice of such interest and that the director concerned may, except where the conflict is considered a material personal interest, with the prior consent of the Board take part in discussions and exercise their duties as a director. A director's register of interests and positions is maintained and updated as required. Directors are asked to declare potential conflicts and updates to their register of interests at the commencement of each Board meeting, and these are recorded in the minutes.

The Board meets as often as the directors determine necessary to fulfil its responsibilities and duties, generally monthly, although the frequency of meetings is currently under review. The number of meetings of the Board and its committees held during the 2024 financial year and the number of meetings attended by each director is disclosed in the directors' report.



Principle 2: Structure the Board to add value (continued)

The Board has again taken the opportunity to convene at various Data#3 office locations throughout the year and meets formally on a regular basis with members of the executive leadership team and other management staff. The meetings are chaired by the Chairman or, in his absence, another Non-Executive Director.

The Chairman’s responsibilities are set out in the Constitution and summarised in the Board Charter, and the Chairman is assisted by the Company Secretary. The Chief Financial Officer (CFO – Ms Cherie O’Riordan) and General Counsel (Terence Bonner) are usually invited to attend all meetings, and other executives attend the meetings periodically by invitation. Board and committee agendas are structured to reflect their defined responsibilities, to give the Board a detailed overview of the performance and significant issues confronting each business unit and Data#3 and to review any major risk mitigation thereof.

Non-Executive directors are expected to make the commitment necessary to prepare for and attend Board and committee meetings and associated activities. Other commitments of Non-Executive Directors are considered by the Board prior to the director’s appointment to the Board and are reviewed as part of the Board performance assessment.

All new directors participate in a comprehensive induction program to gain an understanding of Data#3’s financial performance, strategies, operations and risk management processes and the respective rights, duties, responsibilities and roles of the Board and senior executives. Ongoing director education on the Data#3 business is also facilitated through regular management presentations and interaction and by relevant site and customer visits.

The Board has also established an Audit and Risk Committee and a Remuneration and Nomination Committee to advise and support the Board in carrying out its duties. For the 2024 financial period, both committees were determined to be comprised solely of independent directors. Each committee operates under a charter which includes a description of its duties and responsibilities. The charters are available on the company’s website. Further information on the Audit and Risk Committee is set out below under the headings “Principle 4: Safeguard integrity in corporate reporting” and “Principle 7: Recognise and manage risk”.

Principle 3: Act ethically and responsibly

Data#3’s Board is committed to setting the highest ethical culture and standards for the company. Data#3 has a code of conduct, a code of business ethics and other policies that set out practices designed to guide Data#3’s people to:

- act with integrity and objectivity,
- observe the highest standards of behaviour and business ethics, and
- strive at all times to enhance the good reputation and performance of Data#3.

Code of conduct and Code of business ethics

Data#3 has developed a code of conduct and code of business ethics which, together, reinforce Data#3’s vision and core values statements, this corporate governance statement and the terms and conditions of employment that apply to all employees. The core values for all employees and directors are as follows:

- honesty,
- excellence,
- agility,
- respect, and
- teamwork.

In relation to conduct, the codes require our people to behave with honesty and integrity and in a way that enhances the company’s reputation. The codes also require our people who are aware of unethical conduct within Data#3 to report that conduct, which can be done anonymously. The code of conduct and code of business ethics are available on Data#3’s Investor Centre website: <https://investor.data3.com/Investor-Centre/> and the vision and values statements are included in the code of conduct. The Board is appraised on a regular basis on any material breaches of these codes.

Data#3 has a Provider Code of Ethics and Conduct that sets out acceptable minimum standards of conduct for our suppliers and vendors. Data#3 has an established GEAR (Governance, Ethics, Assurance and Risk) team who take responsibility for providing advice and support to employees as well as manage compliance with internal and external standards.

Other policies

Data#3 has a Whistleblower Policy; an Anti-bribery, Anti-Corruption and Conflict of Interest Policy; a Modern Slavery Policy to reflect legislative changes and reinforce Data#3’s culture of acting lawfully, honestly, ethically and responsibly. These policies are available on Data#3’s website at <https://www.data3.com/policy/>.

As part of Data#3’s Risk Management Policy, the Board is informed of any material non-compliances or breaches of these policies, including any material changes to risk exposure.

Environmental, social and governance responsibility

Data#3 continues to invest in and enhance its sustainability and environmental, social and governance programs. For further information see pages 21 to 22. Data#3 publishes a separate Sustainability Report and this report is available on Data#3’s Investor Centre website: <https://investor.data3.com/Investor-Centre/>.

There is continued focus on Data#3’s approach to identifying, addressing and remediating (if necessary) Modern Slavery risks and practices in its operations and supply chain including for the purposes of ongoing compliance under the *Modern Slavery Act 2018 (Cth)*. Further details on Data#3’s activities in this regard are detailed in the Modern Slavery Statement and the Modern Slavery Policy is available on the Data#3 website at <https://www.data3.com/policy/>.

Share trading policy

Data#3 has a share trading policy which restricts the time period in which directors and employees may purchase and sell company securities. The policy prohibits insider trading and reinforces the directors’ and company’s statutory obligations to notify the ASX regarding any dealing in Data#3’s securities which results in a change in the relevant interests of the director in Data#3’s securities. The policy is available on Data#3’s Investor Centre website at <https://investor.data3.com/Investor-Centre/>.

Principle 4: Safeguard integrity in corporate reporting

The Board is responsible for the integrity of Data#3’s corporate reporting and for ensuring that the financial statements are completed in accordance with applicable accounting standards and provide an accurate view of Data#3’s performance and financial position. All half year and year-end financial reports are audited or reviewed by the company’s external auditor before being released to the market.

Audit and Risk Committee

The Audit and Risk Committee is composed of three independent non-executive directors. The committee members are Ms Muller (Chair), Mr Esler and Mr Gray.

Each member is financially literate and has the technical and business expertise necessary to serve on the committee – their profiles are set out on page 17 to 18. The responsibilities of the Audit and Risk Committee are set out in its formal charter, which is available on Data#3’s Investor Centre website at <https://investor.data3.com/Investor-Centre/>.

Details of the Audit and Risk Committee meetings and members’ attendance are set out on page 39 in the directors’ report.

The Audit and Risk Committee has, within the scope of its responsibilities, unfettered access to members of the executive leadership team and the external auditor. Directors receive detailed financial and operational reports from executive and senior management on a monthly basis and managers are available to discuss the reports with the Board as considered appropriate.

The MD/CEO and CFO provide a formal declaration to the Board at the end of each reporting period confirming that, in their opinion, the financial records of the company 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 company 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 all material respects.

The company’s external auditor attends relevant Audit and Risk Committee meetings, and each AGM, and is available to answer questions from shareholders on the conduct of the audit.

During the financial year, a formal review of external auditor services occurred which resulted in applications being invited from the market. Subject to ASIC consent, Data#3 proposes to appoint a new external auditor to a casual vacancy and for that appointment to be put to shareholders at the 2024 Annual General Meeting for approval.

Principle 5: Make timely and balanced disclosure

Continuous disclosure policy

The Board has established a continuous disclosure policy which contains written policies and procedures that promote timely and balanced disclosure of all material matters concerning Data#3. The continuous disclosure policy is available on Data#3’s Investor Centre website at <https://investor.data3.com/Investor-Centre/>. A review of continuous disclosure obligations is a standing agenda item at all Board meetings.

Two Communication Officers are appointed by Data#3: the Company Secretary and Chief Financial Officer. These officers are responsible for communications to the ASX. This role includes ensuring the Board is assessing ongoing compliance with continuous disclosure requirements in the ASX Listing Rules and overseeing and coordinating information disclosures to the ASX, analysts, brokers, shareholders and the public.

Under this policy any price-sensitive material for public announcement, such as annual and interim profit announcements, other material market announcements, financial reports, presentations to investors and analysts and other investor briefings, are required to be lodged with the ASX as soon as practical and before external disclosure elsewhere and then posted on Data#3’s website. Data#3 ensures that such announcements are timely, factual, do not omit material information and are expressed in a clear and objective manner. Where practical, all directors receive copies of material market announcements prior to lodgement, or promptly thereafter. Shareholders are encouraged to subscribe on Data#3’s website to receive email alerts for all company announcements.

The Board has also developed procedures for safeguarding confidential corporate information to avoid premature disclosure and for responding to market rumours, leaks and inadvertent disclosures.

Principle 6: Respect the rights of security holders

Data#3 is committed to providing shareholders with extensive, transparent, accessible and timely communications on company activities, strategy and performance. Data#3’s continuous disclosure policy promotes effective communication with shareholders, a copy of which is available on the website. All shareholders receive electronic copies of the company’s annual and half-yearly reports, unless they have elected to receive hard copies.

Principle 6: Respect the rights of security holders (continued)

The key platform for shareholder communication is the investor section of the company’s website, which offers shareholders the ability to subscribe for email alerts on all company announcements. The website is also a repository of all information of interest to shareholders, including all recent company announcements, media briefings, details of company meetings, webcasts, press releases and annual and half-yearly financial reports. The website includes a mechanism for shareholders to provide feedback and comments, or alternatively shareholders can raise questions by contacting Data#3 by telephone, email or post. Contact details are provided on Data#3’s website and in the ‘Corporate Directory’ section in the annual report.

Data#3 has a structured annual investor relations program and draws on internal and external expertise.

Data#3 usually convenes its AGM during October or November. Notices of meetings are accompanied by explanatory notes on the items of business and together they seek to clearly explain the nature of the business of the meeting. Full copies of notices of meetings are placed on Data#3’s website. Shareholders are encouraged to attend the meeting or, if unable to attend, to vote on motions proposed by appointing a proxy. All substantive resolutions are decided by a poll at the meeting. Data#3 webcasts the formal addresses made at its AGM and any other general meetings which are held for the benefit of those shareholders unable to attend.

The 2024 AGM will be conducted as a hybrid meeting to facilitate wider and inclusive participation.

Data#3’s share registry, Link Market Services, offers electronic communication with the company’s shareholders and Data#3’s website has a dedicated Shareholder Services page to facilitate the electronic communication between the share registry and shareholders. Shareholders can elect to receive Data#3’s documents including notices of meetings, annual reports, distribution advices and other correspondence by electronic means. Shareholders can also lodge their proxies electronically. All substantive resolutions at a meeting of security holders are decided by a poll.

Principle 7: Recognise and manage risk

Risk management policy

The Board has established a risk management policy and procedures (in accordance with ISO 31000) that promote the identification, assessment, monitoring and management of risk and the identification of any material changes to Data#3’s risk profile. A summary of this policy is available on Data#3’s Investor Centre website at <https://investor.data3.com/Investor-Centre/>.

There are many risks that Data#3 faces in its business operations and the industry within which it operates. A range of factors, some of which are beyond the reasonable control of Data#3, can influence performance. The Board regularly reviews Data#3’s risk appetite statement and group risk management policy.

Audit and Risk Committee

The Board has assigned the primary responsibility for operational risk management to the Audit and Risk Committee. Refer to “Principle 4: Safeguard integrity in corporate reporting” for information on the members and meetings of the Audit and Risk Committee.

The Audit and Risk Committee reviewed the company’s risk management framework and risk appetite in the 2024 financial year and is satisfied that management has ensured sound risk management and compliance practices are embedded into the operations of the business and that management has continued to review and improve those practices.

The Audit & Risk Committee and the Board receive regular reports from the General Counsel and management regarding the effectiveness of Data#3’s management framework and any material business risks that have been identified. In response to the increased compliance requirements, the committee has placed even greater emphasis on Data#3’s systems and controls to ensure compliance requirements are met. The company continues to invest in this area. The operational risk, workplace safety, information security, and business continuity management system remain the top priorities.

The Board receives regular assurance from the MD/CEO and the CFO that the declaration provided in accordance with section 295A of the Corporations Act 2001 (see Principle 4 above) is founded on a sound system of risk management and internal control which implements policies adopted by the Board and that the system is operating effectively.

The company does not consider that it has, at this time, material exposure to environmental or social sustainability risks but it is also continuing to review the effectiveness of the current framework in identifying new and emerging risks. The company provides a more substantive statement in its Sustainability Report. The risks faced by Data#3 are assessed across the following categories: strategic; information technology and cyber security; human resources; customer success, solution quality, vendors and project success; health, safety and environment; financial management; reputational; compliance, legal & regulatory; real property; and market-related risks.

The risk management system addresses the material business risks including the following:

Classification	Material Business Risk
Health, Safety and Environment	<ul style="list-style-type: none"><li>Health and Safety of staff &amp; working environments (including Pandemic)</li></ul>
Strategic	<ul style="list-style-type: none"><li>Market demand for ICT products and services</li><li>Changes in customers’ ICT procurement models</li><li>Key vendor channel strategy, supply chain and customer engagement models</li><li>Effective positioning of Data#3’s solutions in the market</li><li>Identification of ICT industry opportunities</li><li>Competitor activity</li></ul>
Human Resources	<ul style="list-style-type: none"><li>Attraction and retention of key personnel</li><li>Quality and skill of the senior leadership team</li></ul>
Customer Success / Solutions	<ul style="list-style-type: none"><li>Delivery of customer solutions within agreed expectations</li></ul>
Financial Management	<ul style="list-style-type: none"><li>Integrity of financial information and adherence with applicable accounting standards</li><li>Business processes and operations</li></ul>
Reputational	<ul style="list-style-type: none"><li>Ethical conduct and reputation</li></ul>
IT & Cyber Security	<ul style="list-style-type: none"><li>Information Security, including cyber-risk resilience</li><li>Internal information technology systems and processes</li></ul>
Compliance	<ul style="list-style-type: none"><li>Legal &amp; compliance</li></ul>



**Principle 7: Recognise and manage risk (continued)**

The company does not have a separate formal internal audit function, however the GEAR team and other business unit compliance teams undertake periodic reviews and audits of key internal processes. The GEAR and Legal & Risk Advisory teams conduct compliance and legal risk reviews on an ongoing basis.

The Board, the Audit and Risk Committee, senior Data#3 executives and the wider management team monitor and evaluate risks through a variety of existing systems, programs and policies, including:

- identification and assessment of strategic risks through periodic reviews as part of strategic business planning and objective setting
- monthly review and reporting of operational (commercial), safety, cyber and business continuity risks relating to individual business units, management systems and territories
- financial budgeting and key performance indicator reporting systems to monitor monthly performance against budgets and targets, cash and inventory
- monthly written reports from the senior leadership team
- delegations of authority, including approval limits for operational and capital expenditure
- employment & industrial relations policies and management guidelines
- a comprehensive annual insurance review program
- work, health and safety and environment reviews and reports
- half yearly financial reviews conducted by the company's auditors
- internal and external quality assurance audits (Data#3 Limited is a Quality Certified Company to AS/NZS ISO 9001:2015).
- Internal and external information security management audits (Data#3 Limited is a Quality Certified Company to AS/NZS ISO 27001:2013)

**Principle 8: Remunerate fairly and responsibly**

**Remuneration and Nomination Committee**

As set out at "Principle 2: Structure the Board to add value" above, the Board has established a separate Remuneration and Nomination Committee to assist in implementing remuneration policies and practices that are designed to motivate senior executives to pursue the long-term growth and success of Data#3 and to demonstrate a clear relationship between senior executives' performance and remuneration and corporate performance. The responsibilities of the Remuneration and Nomination Committee are set out in its charter which is available on Data#3's Investor Centre website at <https://investor.data3.com/Investor-Centre/>

In relation to remuneration, the Committee is responsible for recommendations on:

- Data#3's remuneration, recruitment, retention and termination policies and approach for senior executives;
- senior executives' remuneration and incentives;
- superannuation arrangements; and
- remuneration for directors.

Data#3's remuneration policies and practices in relation to Key Management Personnel, including the amount of remuneration, are as disclosed in Data#3's remuneration report on pages 40 to 52. Data#3 has clearly differentiated the structure of Non-Executive Directors' remuneration from that of the MD/CEO and other executive managers.

Data#3's remuneration policy for Non-Executive Directors and the amount of remuneration paid to Non-Executive Directors is discussed in detail in the remuneration report. Non-executive directors are not granted options, nor do they receive bonus payments. There are no termination payments to Non-Executive Directors on their retirement from office other than payments accruing from superannuation contributions comprising part of their remuneration.

