



Fluence Corporation Limited Corporate Governance Statement 12 April 2019

ASX Corporate Governance Council Principles and Recommendations

The Company has adopted systems of control, review and accountability as the basis for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity commensurate with Company's needs.

The Board seeks, where appropriate, to provide accountability levels that meet or exceed the ASX Corporate Governance Council's Principles and Recommendations. This document contains a table setting out information in respect of the Company's compliance with *The Corporate Governance Principles and Recommendations (3rd Edition)* as published by ASX Corporate Governance Council on 27 March 2014 (**Recommendations**).

Copies of the Company's corporate governance procedures, policies and practices are available the Company website at <https://www.fluencecorp.com/investor-news>.

Board of Directors

The Board is responsible for corporate governance of the Company. The Board is responsible for the following matters:

- ensuring the Company's conduct and activities are ethical and carried out in accordance with the Company's charters, policies and for the benefit of its stakeholders;
- development of corporate strategy, implementation of business plans and performance objectives;
- approval of Company budgets;
- monitoring and reviewing at regular intervals the Company's performance towards meeting its stated objectives
- reviewing, ratifying and monitoring systems of risk management, codes of conduct, internal control systems and legal and regulatory compliance;
- the appointment (and removal) of the Chair of the Board;
- the appointment of new Directors to fill a vacancy or as additional Directors;
- the appointment, and where appropriate, the removal of the:
 - CEO;
 - Company Secretary; and
 - Ratifying the appointment or removal of other Senior Management of the Company.
- oversight of all matters delegated to Managing Director & CEO and Senior Management;
- managing succession planning for the position of Managing Director & CEO and overseeing succession planning for his or her direct reports;



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- approving overall Company, Director and specific senior executive remuneration and related performance standards and their evaluation;
- regular review of the Code of Conduct, the Communication and Disclosure Policy, the Securities Trading Policy, the Diversity Policy, the Risk Management Policy and Remuneration Policy to ensure the policies meet the standards of corporate governance the Board is committed to;
- review and oversight of compliance with all ASX Listing Rules, financial reporting obligations, including periodic and continuous disclosure, legal compliance and related corporate governance matters;
- approving and monitoring major Company financing matters including approving and monitoring major capital expenditure, capital management, acquisitions and divestitures, material contracts and incurring material debt obligations;
- monitoring and reviewing the operational performance of the Company including the viability of current and prospective operations and exploration opportunities; and
- proposing and recommending to shareholders any changes in the capital structure of the Company.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in the Board discussions on a fully-informed basis.

Composition of the Board

Election of Board members is substantially the province of the shareholders in a general meeting. However, subject thereto, the Company is committed to the following principles:

- the Board is to comprise Directors with a blend of skills, experience, capabilities and attributes appropriate for the Company and its business; and
- the principal criterion for the appointment of new Directors is their ability to add value to the Company and its business.

Board charter and policies

The Board has adopted a charter, which formally recognised its responsibilities functions, power and authority and composition. This charter sets out other things which are important for effective corporate governance including:

- (a) a detailed definition of 'independence';
- (b) a framework for the identification of candidates for appointment to the Board and their selection (including undertaking appropriate background checks);
- (c) a framework for individual performance review and evaluation;



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- (d) proper training to be made available to Directors both at the time of their appointment and on an on-going basis;
- (e) basic procedures for meetings of the Board and its committees including frequency, agenda, minutes and private discussion of management issues among non-executive Directors;
- (f) ethical standards and values (in a detailed code of corporate conduct);
- (g) dealings in securities (in a detailed code for securities transactions designed to ensure fair and transparent trading by Directors and senior management and their associates); and
- (h) communications with shareholders and the market.

Independent professional advice

Under the Board Charter, subject to approval from the Chairman, each Director has the right to seek independent legal or other professional advice at the Company's expense on all matters necessary for that Director to make fully informed and independent decisions.

Remuneration arrangements

The total maximum remuneration of Non-Executive Directors is determined by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of Non-Executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each Non-Executive Director. The maximum aggregate remuneration for all Non-Executive Directors is set at A\$1,000,000 per annum. Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors and which are in line with established Company policies and practices.

Share Trading Policy

The Board has adopted a securities trading policy that sets out the guidelines on the sale and purchase of securities in the Company by its key management personnel. The policy generally provides that written notification to the Chairman or Company Secretary must be obtained prior to any trading activities.

External audit

The Company in general meetings is responsible for the appointment of the external auditors of the Company, and the Board from time to time will review the scope, performance and fees of those external auditors.

Audit and Risk committee

The Audit and Risk Committee will consist of at least two independent Non-Executive Directors and such other members so that overall Audit and Risk Committee comprises:



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- at least one member who has an understanding of the industry in which the Company operates.
- members who can read and understand financial statements and are otherwise financially literate;

The Chairman, Managing Director & CEO and CFO have standing invitations to attend all meetings.

The committee's responsibilities include:

- reviewing the overall conduct of the external audit process, including the independence of all parties to the process;
- reviewing the performance of external auditors, including the reappointment and proposed fees of the external auditor;
- where appropriate, seeking tenders for the audit and where a change of external auditor is recommended, arrange submissions to the shareholders for shareholder approval;
- undertaking a regular corporate risk assessment (including economic, environmental and social sustainability risks),
- overseeing the risk management system and ensuring compliance with internal controls;
- monitor and review the propriety of any related party transactions;
- reviewing the quality and accuracy of all draft and final published financial reports; and
- reviewing the accounting function and ongoing application of appropriate accounting and business policies and procedures.

Meetings shall be held at least quarterly to review and discuss financial issues and the financial statements. A broad agenda is laid down for each regular meeting according to an annual cycle. The committee may invite the external auditors to attend each of its meetings.

Remuneration and Nomination Committee

The purpose of this committee is to

- assist the Board and report on remuneration and related policies and practices (including remuneration of senior management and non-executive Directors); and
- assist the Board and make recommendations to it about the appointment of new Directors (both executive and non-executive) and senior management.

The committee's functions include:

- review and evaluation of market practices and trends on remuneration matters;
- recommendations to the Board about the Company's remuneration policies and procedures;
- recommendations to the Board about remuneration of senior management and non-executive Directors; and
- oversight of the performance of senior management and non-executive Directors;
- maintaining succession planning for directors, the CEO and Senior Management
- review the Company's reporting and disclosure practices in relation to the remuneration of Directors and senior executives.

Meetings shall be held at least annually and more often as required.

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Diversity Policy

The Board has adopted a diversity policy which provides a framework for the Company to achieve, amongst other things, a diverse and skilled workforce, a workplace culture characterised by inclusive practices and behaviours for the benefit of all staff, improved employment and career development opportunities for women and a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives.

As at 31 March 2019, 100% of the Board is male, and the gender of the workforce was:

Level	Female	Male
Executives	0	5
Vice Presidents	6	16
Managers	10	35
Staff	28	64
Workers	13	65
Total	57	185

The percentage of females to males in management positions and above increased from 26% (2018) to 29% (2019). For further information, refer to the “Explanation” section for Recommendation 1.5 on page 7 of this report.

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
Principle 1: Lay solid foundations for management and oversight		
<p>Recommendation 1.1</p> <p>A listed entity should have and disclose a charter which sets out the respective roles and responsibilities of the Board, the chair and management; and includes a description of those matters expressly reserved to the Board and those delegated to management.</p>	Yes	<p>The Company has adopted a Board Charter, which is available on the Company's website (https://www.fluencecorp.com/investor-news).</p> <p>The Board Charter sets out, among other things, specific responsibilities of the Board, requirements as to the Board's composition, the roles and responsibilities of the Chairman and management, Director's access to Company records and information, details of the Board's relationship with management.</p>
<p>Recommendation 1.2</p> <p>A listed entity should:</p> <ul style="list-style-type: none"> • undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and • 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. 	Yes	<p>Appropriate checks have been undertaken in respect of each proposed Director named and information will be provided to security holders at the time of election or re-election as appropriate.</p>
<p>Recommendation 1.3</p> <p>A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>	Yes	<p>The Company has entered into written agreements with each director and senior executives.</p>
<p>Recommendation 1.4</p> <p>The company secretary of a listed entity should be accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board.</p>	Yes	<p>This is consistent with the Charter and corporate structure of the Company. The Company Secretary has a direct relationship with the Chairman and Board in relation to these matters.</p>

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
<p>Recommendation 1.5</p> <p>A listed entity should:</p> <ul style="list-style-type: none"> • have a diversity policy which includes requirements for the Board: <ul style="list-style-type: none"> (i) to set measurable objectives for achieving gender diversity; and (ii) to assess annually both the objectives and the entity’s progress in achieving them; • disclose that policy or a summary of it; and • disclose as at the end of each reporting period: <ul style="list-style-type: none"> (i) the measurable objectives for achieving gender diversity set by the Board in accordance with the entity’s diversity policy and its progress towards achieving them; and (ii) either: <ul style="list-style-type: none"> (a) the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the entity has defined “senior executive” for these purposes); or (b) the entity’s “Gender Equality Indicators”, as defined in the Workplace Gender Equality Act 2012. 	<p>Partially</p>	<p>The Company has adopted a Diversity Policy, a copy of which is available on the Company’s website (https://www.fluencecorp.com/investor-news).</p> <p>The Company is still building gender diversity awareness through the organisation. Recruiting agencies are asked to aim for short listed candidates for positions to be 50% female and 50% male. Whilst the final selection of a candidate is based on merit and the best fit for the role, all things being equal, a female will be selected for a role. The establishment of quantifiable objectives will be re-considered for the 2020 year.</p> <p>The Board will continue to monitor progress towards achieving improved gender diversity.</p> <p>The numbers of female employees in the whole organisation, at senior management level and at Board level is also set out in the Corporate Governance Statement.</p>
<p>Recommendation 1.6</p> <p>A listed entity should:</p> <ul style="list-style-type: none"> • have and disclose a process for periodically evaluating the performance of the Board, its committees and individual directors; and 	<p>Yes</p>	<p>The Board reviews at least annually its overall performance, as well as the performance of its committees and individual directors.</p>

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
<ul style="list-style-type: none"> disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process. 		<p>An internal review of Board performance led by the Chairman was undertaken earlier this year and the outcomes were shared with all Directors</p>
<p>Recommendation 1.7</p> <p>A listed entity should:</p> <ul style="list-style-type: none"> have and disclose a process for periodically evaluating the performance of its senior executives; and disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process. 	<p>Yes</p>	<p>The Managing Director & CEO, with the assistance from the Chair of the Remuneration & Nomination Committee, assesses the performance of senior executives at least annually.</p>
<p>Principle 2: Structure the Board to add value</p>		
<p>Recommendation 2.1</p> <p>The Board of a listed entity should:</p> <ul style="list-style-type: none"> have a nomination committee which: <ul style="list-style-type: none"> (i) has at least three members, a majority of whom are Independent Directors; and (ii) is chaired by an Independent Director, and disclose: <ul style="list-style-type: none"> (iii) the charter of the committee; (iv) the members of the committee; and (v) 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 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 	<p>Yes</p>	<p>A Remuneration and Nomination Committee has been established with its own Charter.</p> <p>The Board maintains a combined Remuneration and Nomination Committee Charter, whose members during the financial year, were as follows:</p> <p>Ross Haghghat - Chair, Non-Executive Director, Independent Richard Irving - Member, Non-Executive Chairman Peter Marks – Member, Non-Executive Director, Independent</p> <p>Two of the Committee members are independent directors.</p> <p>The number of Committee meetings held and attended by each member is disclosed in the ‘Meetings of directors’ section of the Directors’ report.</p>

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
<p>balance of skills, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively.</p>		<p>A copy of the Remuneration and Nomination Committee Charter is available from the company’s website (https://www.fluencecorp.com/investor-news).</p>
<p>Recommendation 2.2 A listed entity should have and disclose a Board skill matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.</p>	<p>Yes</p>	<p>The Board uses a capabilities matrix to guide its assessment of the skills and experience of the Directors, and the skills that the Board considers will complement the effective functioning of the Board. The Board considers that there are many professional capabilities possessed among the Directors which include, but are not limited to, the following:</p> <ul style="list-style-type: none"> • Accounting and finance • Capital market/raising experience • Corporate Governance • Industry knowledge • Commercialisation of innovation experience • Leadership knowledge & abilities • Risk Management • Regulatory environment knowledge • Marketing <p>When the need for a new director is identified, the required experience and competencies of the new director are defined in the context of this matrix and any gaps that may exist.</p> <p>Full details of each Director (or Proposed Director) and senior executive’s relevant skills and experience are set out in the Annual Report.</p> <p>The Company’s Board Charter sets out the procedures for selecting and appointment of Directors which include a commitment to ensuring a balance of skill and experience necessary for the conduct of the Company’s activities.</p>

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
<p>Recommendation 2.3</p> <p>A listed entity should disclose:</p> <ul style="list-style-type: none"> the names of the directors considered by the Board to be Independent Directors; if a director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendation (3rd Edition), 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 the length of service of each director 	Yes	<p>The Board may determine that a director is independent notwithstanding the existence of an interest, position, association or relationship of the kind identified in the examples listed under Recommendation 2.3 of the ASX Principles and Recommendations.</p> <p>The Company considers the following Directors to be independent:</p> <ul style="list-style-type: none"> -- Ross Haghghat, Non-Executive Director - Peter Marks, Non-Executive Director - Rengarajan Ramesh, Non-Executive Director - Arnon Goldfarb, Non-Executive Director - Paul Donnelly, Non-Executive Chair <p>The Board notes the following directors are deemed not independent for the purposes of the Guidelines:</p> <ul style="list-style-type: none"> - Richard Irving, Non-Executive Chair - Henry Charrabé, CEO and Managing Director <p>The length of service of each existing Director is set out in the Annual Report.</p>
<p>Recommendation 2.4</p> <p>A majority of the Board of a listed entity should be Independent Directors.</p>	Yes	<p>The majority of the Board at the reporting date were independent.</p>

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
<p>Recommendation 2.5</p> <p>The chair of the Board of a listed entity should be an Independent Director and, in particular, should not be the same person as the CEO of the entity.</p>	Partially	<p>Richard Irving is currently the Non-Executive Chairman of the company, having transitioned from previously being Executive Chairman. Richard is a Substantial Shareholder and therefore is not deemed to be independent. Whilst the Board recognises the importance that the Chair should be independent, the Company believes that at this stage in its development, the most appropriate person for the position of Chairman is Mr Richard Irving, a very experienced Director and successful entrepreneur.</p>
<p>Recommendation 2.6</p> <p>A listed entity should have a program for inducting new directors and providing appropriate professional development opportunities for continuing directors to develop and maintain the skills and knowledge needed to perform their role as a director effectively.</p>	Yes	<p>This is consistent with the Board Charter. The Company is committed to procuring appropriate professional development opportunities for Directors so that they may develop and maintain the skill and knowledge need to perform their roles effectively, whether this be by informal program or otherwise.</p>
<p>Principle 3: Act ethically and responsibly</p>		
<p>Recommendation 3.1</p> <p>A listed entity should:</p> <ul style="list-style-type: none"> • have a code of conduct for its directors, senior executives and employees; and • disclose that code or a summary of it. 	Yes	<p>The Company’s Code of Conduct sets out a framework to enable Directors to achieve the highest possible standards in the discharge of their duties and to give a clear understanding of best practice in corporate governance. A copy of the Corporate Governance Charter is available at the Company’s website: https://www.fluencecorp.com/investor-news).</p>

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
Principle 4: Safeguard integrity in corporate reporting		
<p>Recommendation 4.1</p> <p>The Board of a listed entity should:</p> <ul style="list-style-type: none"> • have an audit committee which: <ul style="list-style-type: none"> (i) has at least three members, all of whom are Non-Executive Directors and a majority of whom are Independent Directors; and (ii) is chaired by an Independent Director, who is not the chair of the Board, and disclose: <ul style="list-style-type: none"> (iii) the Charter of the Committee; (iv) the relevant qualifications and experience of the members of the committee; and (v) 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 • 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. 	Partially	<p>The Company has established an Audit and Risk Management Committee to assist and report to the Board, whose members of which are:</p> <p>Peter Marks – Chair, Non-Executive Director, Independent Paul Donnelly - member, Non-Executive Director, Independent Ross Kennedy – member, Company Secretary & Advisor to the Board</p> <p>One of the three Committee members is the Company Secretary & Advisor to the Board who has an extensive accounting and public company reporting background and is considered to be independent of the Company’s accounting team.</p> <p>Copy of the Audit and Risk Committee Charter can be obtained from the company’s website: (https://www.fluencecorp.com/investor-news) .</p> <p>Details of the qualifications and experience of the Directors and the number of meetings held have been disclosed in the Company’s most recent annual report.</p>

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
<p>Recommendation 4.2</p> <p>The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	Yes	<p>This approach is adopted by the Audit and Risk Committee and Board.</p> <p>In particular the Audit and Risk Committee receives the CEO and CFO declaration on these points and reports to the Board.</p>
<p>Recommendation 4.3</p> <p>A 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.</p>	Yes	<p>The Company's auditor is invited to attend each AGM and shareholders will be entitled to ask questions in accordance with the Corporations Act and these Guidelines.</p>
Principle 5: Make timely and balanced disclosure		
<p>Recommendation 5.1</p> <p>A listed entity should:</p> <ul style="list-style-type: none"> • have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and • disclose that policy or a summary of it. 	Yes	<p>The Company has a written Continuous Disclosure Policy which forms part of its Corporate Governance Charter, copy of which can be obtained from the Company's website (https://www.fluencecorp.com/investor-news).</p>
Principle 6: Respect the rights of security holders		
<p>Recommendation 6.1</p> <p>A listed entity should provide information about itself and its governance to investors via its website.</p>	Yes	<p>Information about the Company and its governance is available in the Governance section of the Company's website: (https://www.fluencecorp.com/investor-news).</p>

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
<p>Recommendation 6.2</p> <p>A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.</p>	Yes	<p>The Company has adopted a Communication and Disclosure Policy which is available at the Company’s website: https://www.fluencecorp.com/investor-news.</p>
<p>Recommendation 6.3</p> <p>A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.</p>	Yes	<p>The Communication and Disclosure Policy referred to above, contains polices and processes aimed to facilitate and encourage participation at meetings. Links are made available at the Company’s website to information released to the ASX. Shareholders are encouraged to participate in, and raise questions at, all shareholder meetings.</p>
<p>Recommendation 6.4</p> <p>A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.</p>	Yes	<p>The Company through its share registry offers all shareholders the opportunity to receive communications electronically. Shareholders can elect to receive communications from the Company by email and may communicate with the share registry by mail or electronically.</p>
Principle 7: Recognise and manage risk		
<p>Recommendation 7.1</p> <p>The Board of a listed entity should:</p> <ul style="list-style-type: none"> • have a committee or committees to oversee risk, each of which: <ul style="list-style-type: none"> (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: <ul style="list-style-type: none"> (iii) the charter of the committee; (iv) the members of the committee; and 	Yes	<p>The Company has a combined Audit and Risk Committee to oversee risk, please refer to Recommendation 4.1.</p> <p>The Chair of the Audit and Risk Committee is an independent non-executive director.</p> <p>The Charter of the Committee is available in the Governance section of the Company’s website: https://www.fluencecorp.com/investor-news.</p> <p>The members of the Audit & Rick Committee are set out in recommendation 4.1 above.</p> <p>The number of meetings and attendances is set out in the Annual Report.</p>

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
<p>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <ul style="list-style-type: none"> if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the process it employs for overseeing the entity’s risk management framework. 		
<p>Recommendation 7.2</p> <p>The Board or a committee of the Board should:</p> <ul style="list-style-type: none"> review the entity’s risk management framework with management at least annually to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material business risks the entity faces and to ensure that they remain within the risk appetite set by the Board; and disclose in relation to each reporting period, whether such a review has taken place. 	<p>Yes</p>	<p>The risk management responsibility sits with the Audit and Risk Committee. The Committee considers the Company’s financial risk profile and processes at least quarterly and reports by exception to the Board.</p> <p>Business risks pertaining to material new contracts are discussed with the Board in advance of contractual obligations being entered into.</p>
<p>Recommendation 7.3</p> <p>A listed entity should disclose:</p> <ul style="list-style-type: none"> if it has an internal audit function, how the function is structured and what role it performs; or if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes. 	<p>Yes</p>	<p>The Company does not have an internal audit function due to the Company’s limited number of employees and relative nature and scale of its operations, and the costs of having an internal audit function.</p> <p>Adequate risk management policies and internal control processes are in place. The Audit and Risk Committee is responsible to evaluate the effectiveness of its risk management systems and internal control processes, and it reports directly to the Board.</p>

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
<p>Recommendation 7.4</p> <p>A listed entity should disclose whether, it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	Yes	<p>The Company’s exposure to financial risks and how these are managed is set out in Note 21 to the audited financial statements, set out on pages 97 to 101.</p> <p>Fluence is exposed to the normal range of economic risks associated with global operations and distribution. These risks are managed to a large extent through product and market diversification and managing debt collection risks from customers through matching contractual obligations with payment terms augmented by financial risk hedge instruments such as export credit finance.</p>
<p>Principle 8: Remunerate fairly and responsibly</p>		
<p>Recommendation 8.1</p> <p>The Board of a listed entity should:</p> <ul style="list-style-type: none"> • have a remuneration committee which: <ul style="list-style-type: none"> (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: <ul style="list-style-type: none"> (iii) the charter of the committee; (iv) the members of the committee; and (v) 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 • 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. 	Yes	<p>The Board has established a combined Remuneration & Nomination Committee to assist the Board to discharge its responsibilities in relation to remuneration and issues relevant to remuneration policies and practices, including those for senior management and Non-executive Directors.</p> <p>The Committee is comprised of three members, of whom are majority are independent.</p> <p>The chair of the committee is an independent non-executive director.</p> <p>A copy of the Charter is available on the company website.</p> <p>Details of the members of the Committee and the number of times the committee met are set out in the Remuneration Report of the Annual Report.</p> <p>For further details please refer to Recommendation 2.1.</p>

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
<p>Recommendation 8.2</p> <p>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 and ensure that the different roles and responsibilities of Non-Executive Directors compared to executive directors and other senior executives are reflected in the level and composition of their remuneration.</p>	Yes	<p>The remuneration polices are set out in the Board Charter and the Remuneration Report in the Company's Annual Report discloses the Company's policies and practices regarding the remuneration of Directors, Executives, and Senior Management.</p>
<p>Recommendation 8.3</p> <p>A listed entity which has an equity-based remuneration scheme should:</p> <ul style="list-style-type: none"> • 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 • disclose that policy or a summary of it. 	Yes	<p>In accordance with the Company's Share Trading Policy, participants in any equity based incentive scheme are prohibited from entering into any transaction that would have the effect of hedging or otherwise transferring the risk of any fluctuation in the value of any unvested entitlement in the Company's securities to any other person.</p> <p>A copy of the Share Trading Policy is available at the Company's website (https://www.fluencecorp.com/investor-news).</p>