

# Corporate Governance Statement

# Corporate Governance Statement

X2M (the Company) is committed to achieving and demonstrating high standards of corporate governance to protect and enhance shareholder interests.

This Corporate Governance Statement reports against the ASX Corporate Governance Principles and Recommendations (4th Edition) (ASX Principles). The practices detailed in the Corporate Governance Plan are current as of 28 September 2022 and have been approved by the Board. A full copy of the Corporate Governance Plan can be found on the company website at [www.x2mconnect.com](http://www.x2mconnect.com). Key details of the plan are detailed below.

## Principle 1: The Board Lays Solid Foundations for Management Oversight

### Board Responsibilities and Delegations

The Company's Board Charter was adopted by the Board in February 2021. The Board Charter is located on the Company website at [www.x2mconnect.com](http://www.x2mconnect.com).

The Board Charter provides a framework for the effective operation of the Board, setting out:

- a) the Board's role and responsibilities and size and composition.
- b) the establishment of the Audit and Risk Committee (as described below) and the Board's ability to delegate any of its powers to a Board Committee, a Director or other person from time to time, subject to ultimate responsibility residing with the Directors;
- c) the responsibilities delegated by the Board to the Chief Executive Officer (CEO) and members of the Executive Team; and
- d) the role of the Board Chair and the Company Secretary.

The Board Charter provides that the Board's role is to, amongst other things:

- a) set X2M's values and standards of conduct and ensure that they are adhered to.
- b) provide and demonstrate leadership.
- c) define and set X2M's strategic direction.
- d) monitor the operational and financial position and performance of the Company and monitor

- e) that the Company is properly managed to protect and enhance shareholder interests and adopt internal controls, a risk management framework, as well as corporate governance policies and practices that promote the responsible management and conduct of X2M.

The Board's responsibilities include:

- a) the appointment of a Chair.
- b) the appointment and removal of the CEO.
- c) approval of X2M's Group's statement of values and Code of Conduct; and
- d) approval of major capital expenditure, acquisitions, and divestitures in excess of authority levels delegated to management.

The Board Charter provides that the Company Secretary is accountable to the Board through the Chair on all matters to do with the proper functioning of the Board. This includes advising the Board and its Committees on governance matters and monitoring that Board and Committee policies and procedures are followed.

The Board Charter delegates responsibility for day-to-day management and administration of X2M to the CEO and members of the Executive Team. The CEO is responsible for providing effective leadership, direction and supervision of the Executive Team to achieve the strategies, business plans and budgets adopted by the Board and in accordance with the values and culture set by the Board. The Board has procedures in place to regularly assess the performance of the CEO and members of the Executive Team.

### Board Committees

The Board has established an Audit and Risk Committee to assist it in discharging its function. It also established a Remuneration Committee during the period. All other responsibilities are managed by the full Board

### Board Meetings

The Board meets as often as necessary to fulfil its role. Directors are required to allocate sufficient time to X2M to perform their responsibilities effectively, including adequate time to prepare for Board meetings. During the period, the Board met 15 times.

For full details of Directors' attendance at Board and Committee Meetings for 2022, refer to "Board and Committee Meeting Attendance" on page 20.

## Access to Information and Independent Professional Advice.

Directors have access to Management to seek explanations and information, as well as to the Auditors to seek explanations and information without Management present, at any time they consider it appropriate.

The Board collectively, and each Director individually, has the right to seek, at the expense of the Company, any independent professional advice that they consider necessary to fulfil their responsibilities subject to the approval of the Chair which cannot be unreasonably withheld or delayed.

The Company has appointed a Company Secretary who is accountable to the Board, through the Chair, on all matters to do with the proper functioning of the Board.

## Background Checks Before Appointing Directors and Senior Executives

X2M formally undertakes background checks for Directors and senior executives and will require certain information to be provided to shareholders each time an existing Director stands for re-election. In addition, the Company will provide shareholders with any other material information relevant to a decision on whether to elect or re-elect a Director at a General Meeting.

Prior to the appointment of a new Director or senior executive (being a member of the Executive Team), the Board undertakes appropriate background checks as to the candidate's character, experience and education and confirms that the candidate does not have a criminal record. For Directors only, confirmation is also obtained that the Director is not an undischarged bankrupt. Having satisfied the background checks, the candidate for a Director is required to provide the Chair with the commitment that they will have adequate time to fulfil their responsibilities as a Non-Executive Director of X2M. The Chair must be satisfied that the candidate for Director can materially contribute to the overall skills and experience of the Board with reference to the X2M Director Skills Matrix.

X2M has entered into written agreements with each Director setting out the terms, conditions and responsibilities of their appointment, as well as the key terms of all employment, service or consultancy agreements with the CEO, the Directors and any other related parties to the CEO and the Directors

## Diversity

Consistent with X2M's values, the Company is committed to providing an inclusive, equitable and fair workplace where everyone is treated with respect and dignity regardless of gender, marital or family status, sexual orientation, gender identity, age, ability, ethnicity, religious beliefs, cultural background, socio-economic background, perspective, and experience.

X2M's Diversity Policy includes requirements to ensure that employment related decisions are transparent, equitable and fair; that a diverse range of candidates are considered for positions; to guard against any conscious or unconscious biases that might discriminate against certain candidates; to ensure that staff have access to development and career opportunities based on merit; and to ensure a workplace which is free from discrimination, harassment, bullying, victimisation and vilification.

The Board is responsible for reviewing the Company's Diversity Policy periodically to check that it is operating effectively. The Diversity Policy was approved by the Board in February 2021 and a copy is available on the X2M website at [www.x2mconnect.com](http://www.x2mconnect.com).

## Diversity Status

The Board plays a specific role in driving diversity, particularly gender diversity across the business by reviewing and approving annual diversity objectives and progress towards these objectives.

X2M has a diverse workforce and is represented by a broad range of ages and nationalities. Gender diversity remains a challenge across the technology industry and in the geographies in which X2M operates and is represented in the table below. However, X2M is an equal opportunity employer and is committed to improving diversity as far as possible as the business scales. The workforce diversity as at the 30<sup>th</sup> of June 2022 follows:

	FEMALE		MALE	
	NUMBER	%	NUMBER	%
Board	1	25%	3	75%
Senior Management**	6	20%	24	80%
Total Employees	7	12%	50	88%

Table 1: Diversity status of the 30<sup>th</sup> of June 2022

\*\*Senior Management includes the CEO, the Executive Team members who report to the CEO and their direct reporting employees.

The Board is responsible for assessing whether there is any gender or other inappropriate bias with respect to the remuneration of Directors, the Executive Team or other employees. The Board also sets and reviews the diversity targets annually.

## Diversity Targets

X2M set gender diversity targets annually. Given the current size of the team and the limited opportunity for change, X2M will only be able to address gender diversity as it adds to or replaces team members. Further, and as stated, gender diversity remains a challenge across the technology industry and in the geographies in which X2M operates. However, the Company is an equal opportunity employer and will seek to improve gender diversity as the business grows.

The long term gender diversity targets are:

	TARGET
Board*	≥25%
Senior Management	≥25%
Total Employees	≥25%

Table 2: Long term Diversity Targets

\*The Board target is below the market expectation of ≥30% as the Board only consists of 4 Directors.

## Performance Review of the Board

The X2M's Board Charter requires an annual Board assessment and review of its performance, its committees, and Directors annually. A Board review was undertaken during FY22.

## Performance Review of the CEO and Executive Team

X2M's Board Charter provides that the Board is responsible for monitoring the performance of the Executive Team. The performance of the CEO and Senior Executives is assessed annually with reference to agreed milestones.

Performance reviews were undertaken during the reporting period. Details of the remuneration of the Executive Team considered by the Company to be Key Management Personnel is set out in the Remuneration Report.

The Board is responsible for agreeing the remuneration arrangements and terms of employment for the CEO and Executive Team. The Board is also responsible for:

- any equity-based remuneration plans for the Executive Team and other employees.
- reviewing and approving the design and total proposed payments from any Executive Team incentive plan; and
- the proposed award to each member of the Executive Team under the rules of any Executive Team incentive plan.

## Principle 2: The Board is Structured to be Effective and to Add Value

### Nomination Committee

Due to the size of the Board, X2M does not have a separate Nomination Committee. The roles and responsibilities of the Nomination Committee are currently undertaken by the Board.

### Composition of the Board and Details of Directors

X2M currently has four Directors, all of whom are Non-Executive Directors. The Board considers that the current size of the Board is appropriate to discharge its duties effectively.

The criteria by which the Board determines the independence of a Director are set out in the Board Charter. The Board has determined that all of the Non-Executive Directors are independent. There is a clear division of responsibility between the Chair, who is an Independent Non-Executive Chair, and the CEO.

Each Director must provide to the Board all information relevant to the assessment of his or her independence and where a Director's independent status changes, X2M will immediately disclose and explain this to the market.

DIRECTOR	STATUS	APPOINTMENT DATE
Alan Stockdale	Independent	8 February 2021
Jodie Leonard	Independent	8 February 2021
Damien Johnston	Independent	8 February 2021
John Stewart	Independent	8 February 2021

Table 3: Status of Director Independence

For details of the current Directors, their qualifications, skills, and experience refer to page 18 of Directors' Report.

## Board Skills Matrix

Under the Company's Constitution, the Board must comprise at least three Directors and a maximum of twelve Directors. The Board regularly reviews the composition of the Board, considering the number and skill mix of the Directors.

The Board recognises the need to review and consider the composition of the Board to align it with ASX best practice and ensure that it comprises the necessary skills to establish and deliver upon the Company's strategic objectives. The Board considers, and, updates, the Board skills matrix at least annually to ensure that as X2M grows, the Board comprises the appropriate mix of skills, expertise, experience, and diversity. In 2021, the Board developed a Board skills matrix that included the following skills and experience:

Key Board Skills and Experience	Number
Asia Pacific Market Experience Experience working in/leading an organisation with global operations, or an understanding of different political, cultural, regulatory, and business environments	4
Strategy Experience defining strategic objectives, assessing business plans and driving execution.	4
Digital, Data and Technology Expertise in adopting new digital technologies or implementing technology projects, and experience with managing digital disruption, leveraging digital technologies or understanding the use of data and data analytics.	4
Governance and Compliance Experience in the design and application of corporate governance and compliance programs with a commitment to high standards of governance.	4
Financial and Risk Management Understand financial drivers of the business and experience implementing or overseeing financial accounting, reporting, internal controls, and risk management frameworks.	4
Merger and Acquisitions Experience in undertaking or overseeing corporate mergers and acquisitions with ability to evaluate transactions and govern the transition phase.	4
Capital Management Experience in capital management strategies including debt financing and capital raisings.	4
People and Culture Experience monitoring a company's culture, OHS program, people management, succession planning, and remuneration frameworks.	4

Legal and Regulatory Experience in a capacity requiring skills and knowledge in relation to the law, especially with reference to company law and other relevant legal disciplines.	4
Government, Regulatory Agencies and Politics Experience in dealing with Governments and Government agencies and a broad knowledge of the workings of governments and politics.	4
Experience with Infrastructure Industries Experience in dealing with and/or marketing and selling to infrastructure industries, especially electricity, gas water and other utilities.	2

Table 4: Board Skills Assessment

## Director Selection, Appointment and Induction

From time to time, the Board reviews the size, structure and composition of the Board, taking into consideration the balance of skills, experience and knowledge of Board members.

A formal Non-Executive Director Induction and Professional Development Policy will be developed in 2023. The Company Secretary is responsible for arranging for new Directors to undertake an induction program to enable them to gain an understanding of:

- the Company's operations.
- the industry,
- the culture and values of the Company
- the Company's financial, strategic, operational and risk management position and
- the rights, duties, and responsibilities of the new Director.

The policy will also consider annual requirements for the Directors to undergo regular professional development.

## Principle 3: The Board instils a culture of acting lawfully, ethically, and responsibly

### Code of Conduct

The Board recognises the need to observe a high standard of corporate practice and business conduct. Accordingly, the Board adopted the Code of Conduct, which outlines how X2M expects everyone to behave and conduct business, consistent with the Company values.



All Directors, Officers, senior executives, employees, contractors, and consultants must comply with the Code of Conduct. The Code details the core values that are expected to drive Director and employee behaviour and aspirations. As set out in the Code of Conduct, the Company expects all parties to comply with the letter and spirit of the law, rule or regulation and not knowingly participate in any illegal or unethical activity. In addition, X2M expects that all parties carry out the Company's operations with high standards of honesty, integrity, and ethical, responsible and law-abiding behaviour.

The Code of Conduct was approved by the Board in February 2020 and a copy can be found on the Company's website at [www.x2mconnect.com](http://www.x2mconnect.com).

### Trading Policy

The X2M Trading Policy governs the sale and purchase of Company securities by Directors and Employees (Relevant Persons). Relevant Persons must not trade, arrange for someone else to trade, pass on information to someone they know, who may use the information to trade (or procure another person to trade) X2M shares when they are in possession of price sensitive information which is not generally available to the market. The policy also prohibits Relevant Persons from undertaking any financial arrangements to hedge the economic risk of X2M securities or to enter margin lending arrangements over securities.

Relevant Persons are prohibited from dealing in X2M securities (subject to exceptional circumstances) other than during the following mandated Open Periods:

- a) the period six weeks from commencement of the release Company's Annual Results.
- b) the period six weeks from commencement of the release Company's half year results; and
- c) any other period designated by the Board from time to time.

Provided a that relevant person may not deal in X2M securities at any time at which they are in possession of price sensitive information

If a Director, the CEO or the Executive Team wish to trade in X2M shares during an Open Period, the Trading Policy provides for:

- a) prior written approval by the Chair to be given to Directors (the Chair himself must seek prior written approval from the Chair of the Audit and Risk Committee); and
- b) prior written approval from the CEO or Chair to be given to the members of the Executive Team.

For all Relevant Persons, notification to the Company

Secretary prior to, and after, trading is also required under the policy.

The current Trading Policy was adopted by the Board in February 2021. The Policy is located on the X2M website at [www.x2mconnect.com](http://www.x2mconnect.com).

### Whistleblower Policy and Anti-Bribery and Corruption Policy

X2M recognises the important role whistleblowing can play in the early detection of misconduct and has adopted a Whistleblower Policy. The purpose of this policy is to establish a reporting system which secures protections for individuals who disclose misconduct and encourages employees and X2M's partners to report known or suspected misconduct. The Whistleblower Policy is located on the X2M Company website at [www.x2mconnect.com](http://www.x2mconnect.com).

The Company also recognises the importance of protecting the assets and reputation of the Company and has adopted an Anti-Bribery and Corruption Policy. The purpose of the Anti-Bribery and Corruption Policy is to reinforce the commitment and responsibility of X2M in identifying fraudulent and corrupt activities and to establishing policies, controls and procedures for prevention and detection of these activities. In addition, the Policy reinforces the requirement that all employees must refrain from and report any corrupt and fraudulent conduct. The Anti-Bribery and Corruption Policy is located on the X2M website at [www.x2mconnect.com](http://www.x2mconnect.com).

## Principle 4: The Board Safeguards the Integrity of Corporate Reports

### Audit and Risk Committee (ARC)

The ARC has three members, Damien Johnston (Chair), Jodie Leonard and John Stewart.

The ASX Principles recommend that an audit committee have at least three members, all of whom are non-executive Directors and a majority of whom are independent and that the chair of the audit committee be an independent Director who is not the chair of the board. The ARC met these requirements in 2022.

For full details of Committee members attendance at Committee Meetings for 2022, refer to "Board and Committee Meeting attendance" which is contained in the Directors' Report on page 20.

The ARC Charter requires that all members of the ARC can read and understand financial statements and

that at least one member is a qualified accountant or other financial professional with appropriate experience of financial and accounting matters. The ARC met these requirements in 2022. For details of the qualifications, skills and experience of the ARC, refer to page 18 for further details.

The ARC Charter sets out the role and responsibilities of the ARC and the Charter is located on the X2M website at [www.x2mconnect.com](http://www.x2mconnect.com). The ARC reviews its Charter annually or as required.

The objectives of the ARC are to:

- a) assist the Board to achieve its objectives in relation to corporate and financial reporting, the application of accounting policies, business policies and practices, legal and regulatory compliance and internal control and the risk management framework.
- b) maintain and improve the quality, credibility, and objectivity of the financial accountability process; and
- c) promote a culture of compliance across X2M.
- d) provide a forum for communication between the Board and the Company's management in relation to audit and compliance matters affecting X2M.
- e) oversee the internal audit (if any) and external audit functions and communication between the Board and the internal auditor (if any) and the external auditor; and
- f) review and comment on Management's plans for managing the material financial, non-financial and reporting risks faced by the Company.

## Independent Audit

The responsibilities of the ARC in relation to external audit include:

- a) approving the terms of engagement with the external auditor at the beginning of each financial year.
- b) reviewing the external auditor's proposed audit scope and approach.
- c) recommending to the Board for approval, the appointment or removal of the external auditor.
- d) reviewing the performance of the external auditor and approving the fees payable to the external auditor.
- e) developing and overseeing the implementation of the Company's policy on the engagement of the external auditor to supply non-audit services and monitoring compliance with that policy.
- f) providing advice to the Board in relation to whether the ARC is satisfied that the provision of non-audit services is compatible with the general standard of independence and an explanation of why those non-audit services do not compromise audit independence; and
- g) meeting with the external auditor to review audit reports.

The external auditor must be independent of X2M. The ARC regularly reviews and assesses the independence of the external auditor and makes recommendations to the Board.

The ARC may obtain information from, and consult with, management, the external Auditor and external advisers, as it considers appropriate. The ARC also has access to the external auditor to discuss matters without management being present.

The ARC is responsible for engaging in the proactive oversight of, and adequacy of, the Company's financial reporting and disclosure processes. The ARC reviews all periodic financial reports with management, advisers and the external auditor (as appropriate) and recommends to the Board, adoption of applicable financial reports if the reports reflect the understanding of the ARC Committee and provide a true and fair view of the financial position and performance of the Company.

## CEO and CFO Declaration

Prior to Board approval of X2M's annual financial reports, the CEO and CFO must provide the Board with the declarations required under section 295A of the Corporations Act and Recommendation 4.2 of the ASX Principles. This declaration is also provided prior to Board approval of the Company's half-year financial reports.

For the financial year ended 30 June 2022, the CEO and CFO made a declaration in accordance with section 295A of the Corporations Act and Recommendation 4.2 of the ASX Principles.

## Auditor at the AGM

At X2M's 2022 AGM, Grant Thornton Audit Pty Ltd, as the independent external auditor, will be present and available to answer shareholder questions on the:

- a) conduct of the independent external audit.
- b) preparation and content of the independent external auditor's report.
- c) accounting policies adopted by X2M in relation to the preparation of the financial statements; and
- d) independence of Grant Thornton Audit Pty Ltd in relation to the conduct of the audit.

## Principle 5: The Board Makes Timely and Balanced Disclosure

It is the intention of the Board to ensure that shareholders are kept informed of all major developments affecting the state of affairs of X2M.

The Company's Continuous Disclosure Policy sets out the disclosure obligations under the Corporations Act and ASX Listing Rules and is located on the X2M website at [www.x2mconnect.com](http://www.x2mconnect.com).

Under the Continuous Disclosure Policy, the Board bears the primary responsibility for X2M's compliance with its continuous disclosure obligations and is responsible for overseeing and implementing this policy. The Board makes the ultimate decision on whether there is any materially price sensitive information that needs to be disclosed to the ASX, and Board approval is required for any release which relates to any matter which is both material and strategically important for the Company. In addition, at each Board meeting, consideration is given to any information that must be disclosed to the ASX in accordance with X2M continuous disclosure obligations.

The Company Secretary has primary responsibility for all communication with the ASX in relation to ASX Listing Rule matters. The Company Secretary is also responsible for ensuring that the Directors receive copies of all material market announcements promptly after they have been made.

The Board is responsible for regularly reviewing the Continuous Disclosure Policy to ensure that it remains effective and consistent with all relevant legal pronouncements and the ASX Principles.

## Principle 6: The Board Respects the Rights of Security Holders

X2M respects the rights of its shareholders and promotes effective two-way communication with shareholders and other stakeholders. The Company will ensure shareholders are fully informed of X2M's business, governance, and financial performance, and they understand how to assess relevant information about the Company's activities.

### The Company Website

X2M's website is located at [www.x2mconnect.com](http://www.x2mconnect.com). The site is kept current to maintain effective communication with shareholders and stakeholders. Information available on the website includes information about the Company's operations and its brands; the Board of Directors; copies of all key governance documentation; announcements; archived investor presentations; current share price information; and company events.

All ASX announcements made by the Company can also be accessed via the 'Announcements' section of the ASX website [www.asx.com.au/asx/statistics/announcements.do](http://www.asx.com.au/asx/statistics/announcements.do),

using the X2M ticker code X2M.

### Investor Relations

Relationships with investors are very important to X2M. Following the release of its half-year and annual financial statements, the Company will conduct investor briefings and investor roadshows with institutional groups and analysts. X2M will send details of its half-year and full-year investor call to the ASX to ensure that a wide set of stakeholders are able to attend. The X2M AGM will be held in November and the Chair, Directors and Key Management Personnel will engage with Shareholders in advance of the AGM, as appropriate.

### Shareholder Communications

Shareholders may elect to receive all communications from X2M's share registry electronically. Electronic communications are timelier, cost effective, and are encouraged by the Company. Shareholders should contact the share registry if they wish to elect to receive electronic communications by emailing [hello@automic.com.au](mailto:hello@automic.com.au).

The Company's share registry is managed by Automic Group Pty Ltd. Their website address is [www.automicgroup.com.au](http://www.automicgroup.com.au).

### Shareholder Engagement and Participation

To encourage shareholder engagement and participation at the AGM, when possible, shareholders have the opportunity to attend the AGM, ask questions from the floor, participate in voting and meet the Board and the Executive Team in person. In the event the AGM is held electronically, the Company will ensure that appropriate technology is used to facilitate the participation of shareholders at such meetings. Shareholders who are unable to attend the AGM are encouraged to vote on the proposed motions by appointing a proxy via the proxy form that accompanies the notice of meeting, or online through the share registry's website. For the 2022 AGM and onwards, all questions will be decided by a poll rather than a show of hands.

Shareholders have the opportunity to submit written questions and comments to X2M and its external auditor.

Presentations and speeches made by the Chair and CEO at the AGM are made available on the ASX announcements platform and X2M website before the commencement of the meeting. X2M will advise the results of the AGM to the ASX and on its website promptly following the conclusion of the AGM.



## Principle 7: The Board Recognises and Manages Risk

### Risk Committee

The ARC is charged with the responsibility to assist the Board in the oversight of risk. Please refer to page 18 for details of the members of the Committee, qualifications and experience of members and individual attendances at Committee meetings.

The sections of the ARC Charter with respect to risk management includes the following:

- a) oversee the establishment and implementation of the risk management framework and internal compliance and control systems.
- b) monitoring the mechanism for assessing the ongoing efficiency and effectiveness of the risk management framework and internal compliance and control systems.
- c) monitoring whether X2M is operating within the risk appetite set by the Board and make recommendations on any necessary changes that should be made to the risk appetite.
- d) review risk management policies and procedures at least annually to ensure that the risk systems and processes in place are operating effectively and efficiently, in regard to identifying, assessing, monitoring and managing risk; and
- e) review X2M's risk management framework at least annually to evaluate compliance and internal control processes and making recommendations to the Board.

The Audit and Risk Committee Charter is available on the X2M website at [www.x2mconnect.com](http://www.x2mconnect.com).

### Review of Risk Management Framework

The Board has overall responsibility for the Group's risk management and internal controls.

The Company has adopted a Risk Management Policy which is available on the Company website at [www.x2mconnect.com](http://www.x2mconnect.com). This policy highlights the risks relevant to the Group's operations and the policies the Group has enacted for the supervision and management of material business risks.

The ARC oversees the establishment and implementation of, the Group's Risk Management Framework and makes recommendations to the Board on the soundness of risk management across X2M. In 2022, management in conjunction with the ARC identified the material business risks of X2M and developed a Risk Appetite Statement and Risk Register. In 2023, the risk management processes of

the Company will develop further as the Company matures.

X2M's internal compliance and control systems are designed to ensure effective and efficient operations, including financial reporting and compliance with laws and regulations, and managing risk across the Group's business activities. The internal control systems which have been adopted by the Company aim to develop a culture which is able to identify, communicate and manage material risk.

### Internal Audit Function

Prior to listing on the ASX, X2M did not appoint an Internal Auditor as the size and scale of the operations did not warrant the function.

Moving forward, the ARC, periodically review the need for an Internal Auditor who will assist with the oversight and validation of key elements of the Company's internal governance.

### Material Exposure to Environmental or Social Risks

The Audit and Risk Committee Charter requires the Audit and Risk Committee (or, in its absence, the Board) to assist management to determine whether the Company has any potential or apparent exposure to environmental or social risks and, if it does, put in place management systems, practices and procedures to manage those risks.

The Company's Corporate Governance Plan requires the Company to disclose whether it has any potential or apparent exposure to environmental or social risks and, if it does, put in place management systems, practices and procedures to manage those risk.

Where the Company does not have material exposure to environmental or social risks, report the basis for that determination to the Board, and where appropriate benchmark the Company's environmental or social risk profile against its peers.

The Company considers that it does not have material exposure to environmental or social risks given the nature of its business and operations.

## Principle 8: The Board Remunerates Fairly and Responsibly

X2M's approach to remuneration is framed by the strategic direction and operational demands of the

business, as well as the international context in which the business operates, sustainable shareholder returns, and the Company's governance standard.

## Remuneration Committee

The Remuneration Committee is responsible for

- a) adopting appropriate remuneration policies and practices to attract and retain high quality Directors and to attract, retain and motivate senior executives who will create value for shareholders.
- b) monitoring compliance with the Board approved remuneration policies, incentives and behaviours arising from the remuneration structure;
- c) Ensure the Executive Team are fairly and responsibly rewarded having regard to the performance of the Company, the performance of the Executive Team and the general external remuneration environment; and
- d) setting the Remuneration Policy for all employees.

The Remuneration Committee Charter sets out the role and responsibilities of the Committee. A copy of the Charter is located on the X2M website at [www.x2mconnect.com](http://www.x2mconnect.com). The Charter was approved in February 2021 and is reviewed annually or as required.

## Remuneration Policies and Practices

In 2021 an Employee Share Scheme was implemented prelisting aimed at aligning key personnel with the goals and objectives of the company, as well as the goals and objectives of shareholders. Further work was undertaken in 2022 to streamline both long- and short-term incentives to ensure they apply consistently across the group.

Details of X2M's remuneration strategy, framework, policies, and practices are set out in the Company's Remuneration Report on page 20.

The Company's Remuneration Policy is located on the X2M website at [www.x2mconnect.com](http://www.x2mconnect.com).

Breaches of this prohibition will result in awards being forfeited by the relevant employee.

The Company's Trading Policy is located on the X2M website at [www.x2mconnect.com](http://www.x2mconnect.com).

## Policy on Hedging Equity-based Incentive Schemes

X2M offers an equity-based remuneration scheme through its STI and LTI plans. The STI Plan Rules, LTI Plan Rules and the X2M Trading Policy prohibits employees from hedging the value of restricted shares and unvested securities.

