

Appendix 4G

Key to Disclosures Corporate Governance Council Principles and Recommendations

Name of entity

BauMart Holdings Limited

ABN/ARBN

87 602 638 531

Financial year ended:

30 June 2023

Our corporate governance statement¹ for the period above can be found at:²

- ☐ These pages of our annual report:
- ☒ This URL on our website: <https://baumart.com.au/corporate-governance/>

The Corporate Governance Statement is accurate and up to date as 31 August 2023 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.³

Date: 31 August 2023

Name of authorised officer authorising lodgement: The Board of Directors of BauMart Holdings Limited

¹ "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of Listing Rule 4.10.3.

Under Listing Rule 4.7.3, an entity must also lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX. The Appendix 4G serves a dual purpose. It acts as a key designed to assist readers to locate the governance disclosures made by a listed entity under Listing Rule 4.10.3 and under the ASX Corporate Governance Council's recommendations. It also acts as a verification tool for listed entities to confirm that they have met the disclosure requirements of Listing Rule 4.10.3.

The Appendix 4G is not a substitute for, and is not to be confused with, the entity's corporate governance statement. They serve different purposes and an entity must produce each of them separately.

² Tick whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where your corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

³ Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

See notes 4 and 5 below for further instructions on how to complete this form.

ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT			
1.1	A listed entity should have and disclose a board charter setting out: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	☒ and we have disclosed a copy of our board charter at: https://baumart.com.au/corporate-governance/	☐ set out in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.2	A listed entity should: (a) undertake appropriate checks before appointing a director or senior executive or putting someone forward for election as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	☒	☐ set out in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	☒	☐ set out in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	☒	☐ set out in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable

⁴ Tick the box in this column only if you have followed the relevant recommendation in full for the whole of the period above. Where the recommendation has a disclosure obligation attached, you must insert the location where that disclosure has been made, where indicated by the line with “insert location” underneath. If the disclosure in question has been made in your corporate governance statement, you need only insert “our corporate governance statement”. If the disclosure has been made in your annual report, you should insert the page number(s) of your annual report (eg “pages 10-12 of our annual report”). If the disclosure has been made on your website, you should insert the URL of the web page where the disclosure has been made or can be accessed (eg “www.entityname.com.au/corporate-governance/charters/”).

⁵ If you have followed all of the Council’s recommendations in full for the whole of the period above, you can, if you wish, delete this column from the form and re-format it.

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
1.5	A listed entity should: (a) have and disclose a diversity policy; (b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and (c) disclose in relation to each reporting period: (1) the measurable objectives set for that period to achieve gender diversity; (2) the entity's progress towards achieving those objectives; and (3) either: (A) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or (B) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act. If the entity was in the S&P / ASX 300 Index at the commencement of the reporting period, the measurable objective for achieving gender diversity in the composition of its board should be to have not less than 30% of its directors of each gender within a specified period.	☐ and we have disclosed a copy of our diversity policy at: [insert location] and we have disclosed the information referred to in paragraph (c) at: [insert location] and if we were included in the S&P / ASX 300 Index at the commencement of the reporting period our measurable objective for achieving gender diversity in the composition of its board of not less than 30% of its directors of each gender within a specified period.	☒ set out in our Corporate Governance Statement <u>OR</u> ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.6	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.	☐ and we have disclosed the evaluation process referred to in paragraph (a) at: [insert location] and whether a performance evaluation was undertaken for the reporting period in accordance with that process at: [insert location]	☒ set out in our Corporate Governance Statement <u>OR</u> ☐ we are an externally managed entity and this recommendation is therefore not applicable

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
1.7	A listed entity should: (a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and (b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.	☐ and we have disclosed the evaluation process referred to in paragraph (a) at: [insert location] and whether a performance evaluation was undertaken for the reporting period in accordance with that process at: [insert location]	☒ set out in our Corporate Governance Statement <u>OR</u> ☐ we are an externally managed entity and this recommendation is therefore not applicable

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
PRINCIPLE 2 - STRUCTURE THE BOARD TO BE EFFECTIVE AND ADD VALUE			
2.1	The board of a listed entity should: (a) have a nomination committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	☐ <i>[If the entity complies with paragraph (a):]</i> and we have disclosed a copy of the charter of the committee at: <i>[insert location]</i> and the information referred to in paragraphs (4) and (5) at: <i>[insert location]</i> <i>[If the entity complies with paragraph (b):]</i> and we have disclosed the fact that we do not have a nomination committee and the processes we employ to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively at: <i>[insert location]</i>	☒ set out in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills that the board currently has or is looking to achieve in its membership.	☐ and we have disclosed our board skills matrix at: <i>[insert location]</i>	☒ set out in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, affiliation or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	☒ and we have disclosed the names of the directors considered by the board to be independent directors at: 2023 Annual Report. and, where applicable, the information referred to in paragraph (b) at: 2023 Annual Report and the length of service of each director at: 2023 Annual Report	☐ set out in our Corporate Governance Statement
2.4	A majority of the board of a listed entity should be independent directors.	☐	☒ set out in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	☐	☒ set out in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
2.6	A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.	☒	☐ set out in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
PRINCIPLE 3 – INSTIL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY			
3.1	A listed entity should articulate and disclose its values.	☐ and we have disclosed our values at: [insert location]	☒ set out in our Corporate Governance Statement
3.2	A listed entity should: (a) have and disclose a code of conduct for its directors, senior executives and employees; and (b) ensure that the board or a committee of the board is informed of any material breaches of that code.	☒ and we have disclosed our code of conduct at: https://baumart.com.au/corporate-governance/	☐ set out in our Corporate Governance Statement

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
3.3	A listed entity should: (a) have and disclose a whistleblower policy; and (b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.	☒ and we have disclosed our whistleblower policy at: https://baumart.com.au/corporate-governance/	☐ set out in our Corporate Governance Statement
3.4	A listed entity should: (a) have and disclose an anti-bribery and corruption policy; and (b) ensure that the board or committee of the board is informed of any material breaches of that policy.	☒ and we have disclosed our anti-bribery and corruption policy at: https://baumart.com.au/corporate-governance/	☐ set out in our Corporate Governance Statement

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
PRINCIPLE 4 – SAFEGUARD THE INTEGRITY OF CORPORATE REPORTS			
4.1	The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	☐ <i>[If the entity complies with paragraph (a):]</i> and we have disclosed a copy of the charter of the committee at: <i>[insert location]</i> and the information referred to in paragraphs (4) and (5) at: <i>[insert location]</i> <i>[If the entity complies with paragraph (b):]</i> and we have disclosed the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner at: <i>[insert location]</i>	☒ set out in our Corporate Governance Statement
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	☒	☐ set out in our Corporate Governance Statement
4.3	A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.	☐	☒ set out in our Corporate Governance Statement

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE			
5.1	A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.	☒ and we have disclosed our continuous disclosure compliance policy at: https://baumart.com.au/corporate-governance/	☐ set out in our Corporate Governance Statement
5.2	A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.	☒	☐ set out in our Corporate Governance Statement
5.3	A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.	☒	☐ set out in our Corporate Governance Statement
PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	☒ and we have disclosed information about us and our governance on our website at: https://baumart.com.au/corporate-governance/	☐ set out in our Corporate Governance Statement
6.2	A listed entity should have an investor relations program that facilitates effective two-way communication with investors.	☒	☐ set out in our Corporate Governance Statement
6.3	A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.	☒ and we have disclosed how we facilitate and encourage participation at meetings of security holders at: https://baumart.com.au/corporate-governance/	☐ set out in our Corporate Governance Statement
6.4	A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.	☒	☐ set out in our Corporate Governance Statement

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
6.5	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	☒	☐ set out in our Corporate Governance Statement
PRINCIPLE 7 – RECOGNISE AND MANAGE RISK			
7.1	The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	☐ <i>[If the entity complies with paragraph (a):]</i> and we have disclosed a copy of the charter of the committee at: <i>[insert location]</i> and the information referred to in paragraphs (4) and (5) at: <i>[insert location]</i> <i>[If the entity complies with paragraph (b):]</i> and we have disclosed the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework at: <i>[insert location]</i>	☒ set out in our Corporate Governance Statement
7.2	The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	☒ and we have disclosed whether a review of the entity's risk management framework was undertaken during the reporting period at: https://baumart.com.au/corporate-governance/	☐ set out in our Corporate Governance Statement

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its governance, risk management and internal control processes.	☐ <i>[If the entity complies with paragraph (a):]</i> and we have disclosed how our internal audit function is structured and what role it performs at: <i>[insert location]</i> <i>[If the entity complies with paragraph (b):]</i> and we have disclosed the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes at: <i>[insert location]</i>	☒ set out in our Corporate Governance Statement
7.4	A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.	☐ and we have disclosed whether we have any material exposure to environmental and social risks at: <i>[insert location]</i> and, if we do, how we manage or intend to manage those risks at: <i>[insert location]</i>	☒ set out in our Corporate Governance Statement

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY			
8.1	The board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	☐ <i>[If the entity complies with paragraph (a):]</i> and we have disclosed a copy of the charter of the committee at: <i>[insert location]</i> and the information referred to in paragraphs (4) and (5) at: <i>[insert location]</i> <i>[If the entity complies with paragraph (b):]</i> and we have disclosed the fact that we do not have a remuneration committee and the processes we employ for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive: <i>[insert location]</i>	☒ set out in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	☒ and we have disclosed separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives at: 2023 Annual Report	☐ set out in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
8.3	A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	☒ and we have disclosed our policy on this issue or a summary of it at: https://baumart.com.au/corporate-governance/	☐ set out in our Corporate Governance Statement OR ☐ we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable OR ☐ we are an externally managed entity and this recommendation is therefore not applicable

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
ADDITIONAL RECOMMENDATIONS THAT APPLY ONLY IN CERTAIN CASES			
9.1	A listed entity with a director who does not speak the language in which board or security holder meetings are held or key corporate documents are written should disclose the processes it has in place to ensure the director understands and can contribute to the discussions at those meetings and understands and can discharge their obligations in relation to those documents.	☐ and we have disclosed information about the processes in place at: <i>[insert location]</i>	☐ set out in our Corporate Governance Statement OR ☒ we do not have a director in this position and this recommendation is therefore not applicable OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
9.2	A listed entity established outside Australia should ensure that meetings of security holders are held at a reasonable place and time.	☐	☐ set out in our Corporate Governance Statement OR ☒ we are established in Australia and this recommendation is therefore not applicable OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
9.3	A listed entity established outside Australia, and an externally managed listed entity that has an AGM, should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	☐	☐ set out in our Corporate Governance Statement OR ☒ we are established in Australia and not an externally managed listed entity and this recommendation is therefore not applicable ☐ we are an externally managed entity that does not hold an AGM and this recommendation is therefore not applicable
ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES			
-	<i>Alternative to Recommendation 1.1 for externally managed listed entities:</i> The responsible entity of an externally managed listed entity should disclose: (a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity; and (b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.	☐ and we have disclosed the information referred to in paragraphs (a) and (b) at: <i>[insert location]</i>	☐ set out in our Corporate Governance Statement

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
-	<i>Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:</i> An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.	☐ and we have disclosed the terms governing our remuneration as manager of the entity at: <i>[insert location]</i>	☐ set out in our Corporate Governance Statement



ABN 87 602 638 531

2023 CORPORATE GOVERNANCE STATEMENT

The Board of Directors of BauMart Holdings Limited (**BauMart** or **Company**) is responsible for establishing the Company's corporate governance framework, the key features of which are set out below.

This corporate governance statement sets out a description of the main policies and practices adopted by the Company and discloses to the extent to which the Company has complied with the ASX Corporate Governance Principles and Recommendations 4th Edition (**ASX Principles** or **Principles and Recommendations**) during the financial year ended 30 June 2023.

Where the Company's corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. In compliance with the "if not, why not" reporting regime, where, after due consideration, the Company's corporate governance practices do not follow a recommendation, the Board has explained its reasons for not following the recommendation and disclosed what, if any, alternative practices the Company has adopted instead of those in the recommendation.

The information in this statement is current as at 31 August 2023 and has been approved by the Board.

The following governance-related documents can be found on the BauMart website at <https://baumart.com.au/corporate-governance/>, under the section marked "Corporate Governance":

- (a) Board Charter;
- (b) Audit and Risk Committee Charter;
- (c) Nomination and Remuneration Committee Charter;
- (d) Code of Conduct;
- (e) Continuous Disclosure Policy;
- (f) Shareholder Communications Policy;
- (g) Risk Management Policy;
- (h) Securities Trading Policy;
- (i) Performance Evaluation Process;
- (j) Anti-Bribery and Anti-Corruption Policy; and
- (k) Whistleblower Policy.

Principle 1: Lay solid foundations for management and oversight

Recommendation 1.1

The Company has established the respective roles and responsibilities of its Board and management, and those matters expressly reserved to the Board and those delegated to management, and has documented this in its Board Charter.

The responsibilities of the Board include but are not limited to:

- (a) Setting and reviewing strategic direction and planning;
- (b) Reviewing financial and operational performance;
- (c) Identifying principal risks and reviewing risk management strategies; and
- (d) Considering and reviewing significant capital investments and material transactions.

In exercising its responsibilities, the Board recognises that there are many stakeholders in the operations of the Company, including employees, shareholders, co-venturers, the government and the community.

Recommendation 1.2

The Company undertakes appropriate checks before appointing a person or putting forward to shareholders a candidate for election as a director and provides shareholders with all material information in its possession relevant to a decision on whether or not to elect a director.

Recommendation 1.3

The Company has a written agreement with each of the directors and senior executives setting out the terms of their appointment. The material terms of any employment, service or consultancy agreement the Company, or any of its child entities, has entered into with the Executive Director, any of its Non-Executive Directors, and any other person or entity who is a related party of any of its directors will be disclosed in accordance with ASX Listing Rule 3.16.4 (taking into consideration the exclusions from disclosure outlined in that rule).

Recommendation 1.4

The Company Secretary is accountable directly to the Board (through the Chairperson, if applicable) on all matters to do with the proper functioning of the Board. The Company Secretary assists in the application of best practice in corporate governance and supports the effectiveness of the Board by:

- (a) ensuring a good flow of information between the Board, its committees, and directors;
- (b) monitoring policies and procedures of the Board;
- (c) advising the Board (through the Chairperson, if applicable) of corporate governance policies; and
- (d) conducting and reporting matters of the Board, including the despatch of Board agendas, briefing papers and minutes.

Recommendation 1.5

The Company has not established a diversity policy that requires the Board to set measurable objectives for achieving gender diversity nor disclosed a policy or summary of that policy. The Company provides a workplace that is open to gender diversity and the Board considers that at this time no efficiencies or other benefits would be gained by introducing a formal diversity policy. The requirement to adopt a formal policy will continue to be assessed periodically as the Company's circumstances change.

Recommendation 1.6

As the Company does not presently have a nominated Chairperson, the non-executive directors are responsible for evaluating the performance of the Board, its committees (if any) and the executive director in accordance with the process disclosed in the Company's Board Performance Evaluation Policy.

This policy is to ensure:

- (a) individual directors and the Board as a whole work efficiently and effectively in achieving their functions;
- (b) the executive directors and key executives execute the Company's strategy through the efficient and effective implementation of the business objectives; and
- (c) committees to which the Board has delegated responsibilities (if any) are performing efficiently and effectively in accordance with the duties and responsibilities set out in the Board Charter.

This policy is reviewed annually. No evaluation has been conducted during the reporting period.

Recommendation 1.7

The Executive Director is responsible for evaluating the performance of the Company's senior executives.

As the Company does not presently have a nominated Chairperson, the Board as a whole is responsible for evaluating the performance of the Company's Executive Director.

No formal evaluation of the performance of the Company's Executive Director and senior executives was conducted during the reporting period. At this stage, BauMart is reviewing the need to establish an annual review process to ensure that the Board is able to meet the demands of a rapidly changing business environment and oversee the implementation of the Company's medium to long-term strategy.

Principle 2: Structure the board to add value

Recommendation 2.1

Due to the size of the Board, the Company does not have a separate nomination committee (**NC**). The roles and responsibilities of the committee are currently undertaken by the Board.

The duties of the full Board acting in its capacity as NC are set out in the Company's Remuneration and Nomination Committee Charter which is available on the Company's website.

When the Board meets as a committee, it carries out those functions which are delegated to it in the Company's Remuneration and Nomination Committee Charter. Items that are usually required to be discussed by an NC are marked as separate agenda items at Board meetings when required.

Recommendation 2.2

The mix of skills and diversity which the Board is looking to achieve in its composition is:

- (a) a broad range of business experience; and
- (b) technical expertise and skills required to discharge duties.

However, a formal Board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership has not been established, and therefore the Company does not comply with Recommendation 2.2. As mentioned above, BauMart is looking to establish an annual review process for its Board and will give consideration to the establishment of such a matrix.

Recommendation 2.3

The Board considers the independence of directors having regard to the relevant factors listed in Box 2.3 of the Principles and Recommendations. Currently the Board is structured as follows:

- (a) Hadi Widayat (Executive Director) – appointed 20 February 2023;
- (b) Benjamin Talbot (Non-Executive Director) – appointed 1 January 2022 (transitioned from Executive Director to Non-Executive Director on 1 April 2023);
- (c) Anson Tze Fong Gan (Non-Executive Director) – appointed 19 March 2015; and
- (d) Berthus Budiman (Non-Executive Director) – appointed 31 October 2014.

Matthew Logan, the previous Executive Director, resigned on 1 September 2022 following completion of the sale of Eco Pallets Pty Ltd.

Hadi Widayat is an executive director, and accordingly, is not considered to be independent.

Anson Gan is a substantial shareholder and therefore not considered to be independent.

Benjamin Talbot and Berthus Budiman are considered to be independent non-executive directors as they are free from any position, association or relationship that could materially interfere with, or reasonably be perceived to materially interfere with, the independent exercise of their judgement.

Recommendation 2.4

The Company is at variance with Recommendation 2.4 in that the majority of directors are not independent. The Board has determined that the current composition of the Board is appropriate, as the directors have a suitable range of qualifications and expertise to understand and competently deal with current and emerging business issues and effectively review and challenge the performance of management. In addition, each individual member of the Board is satisfied that whilst the Company may not comply with Recommendation 2.4, all directors bring an independent judgement to bear on Board decisions.

Recommendation 2.5

The Company does not presently have a chairperson.

Recommendation 2.6

It is a policy of the Company that new directors undergo an induction process in which they are given a full briefing on the Company.

BauMart understands that directors should be encouraged to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively and will look to establish and implement a development guideline, in line with an annual review process for its Board of Directors.

Principle 3: Act ethically and responsibly

Recommendation 3.1

The Company will look to review and reassess its organisational values in the current financial year. The Company recently completed the sale of its materials handling business and the Board is continuing to assess its strategic business objectives. .

Recommendation 3.2

The Company is committed to promoting good corporate conduct grounded on strong ethics and responsibility. The Company has adopted a Code of Conduct (**Code**) which addresses matters relevant to the Company's legal and ethical obligations to its stakeholders. The Code may be amended from time to time by the Board and is disclosed on the Company's website. The Code applies to all directors, employees, contractors and officers of the Company.

Recommendation 3.3

The Whistleblower Policy demonstrates that the Company is committed to high standards of conduct and ethical behaviour in all its business activities. The Company supports a culture of honest and ethical behaviour in ensuring good corporate compliance and governance. The policy sets out, amongst other things, instances of suspected misconduct which can be reported to the internal and external parties and summarises the protections offered to whistleblowers. Any material breach of the Company's policies, including any breach of the Whistleblower Policy, is raised and reviewed at Board Meetings.

Recommendation 3.4

The Anti-Bribery and Corruption Policy demonstrates that the Company is committed to maintain high standards of integrity and accountability in conducting its business. The policy provides a framework of guidelines and principles to encourage ethical behaviour in the conduct of business. Any material breach of the Company's policies, including any breach of the Anti-Bribery and Corruption Policy, is raised and reviewed at Board Meetings.

Principle 4: Safeguard integrity in corporate reporting

Recommendation 4.1

Due to the size of the Board, the Company does not have a separate audit committee (AC). The roles and responsibilities of an AC are undertaken by the Board.

The full Board in its capacity as the AC is responsible for reviewing the integrity of the Company's financial reporting and overseeing the independence of the external auditors. The Board has adopted an Audit Committee Charter which describes the role, composition, functions and responsibilities of the AC and is disclosed on the Company's website.

When the Board meets as a committee, it carries out those functions which are delegated to it in the Company's Audit Committee Charter. Items that are usually required to be discussed by the committee are marked as separate agenda items at Board meetings when required.

The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when a vacancy arises. Candidates for the position of external auditor must demonstrate complete independence from the Company throughout the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Board.

Recommendation 4.2

Before the Board approves the Company's financial statements for each financial period it receives from the Executive Director and the Chief Financial Officer (or equivalents) a declaration that, in their opinion, the financial records of the Company for the relevant financial period have been properly maintained and that the financial statements for the relevant financial period comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and the consolidated entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which are operating effectively.

Recommendation 4.3

The Company's Shareholder Communications Policy sets out the process in relation to the release of ASX announcements and media releases, including periodic reports and investor briefings, and is disclosed on the Company's website.

Under section 250RA of the Corporations Act, the Company's auditor is required to attend the Company's annual general meeting at which the annual report is considered, and must arrange to be represented by a person who is a suitably qualified member of the audit team that conducted the audit and is in a position to answer questions about the audit. Each year, the Company informs the Company's auditor of the date of the Company's annual general meeting. In accordance with section 250S of the Corporations Act, at the Company's annual general meeting where the Company's auditor or their representative is at the meeting, the Chairperson of the meeting allows a reasonable opportunity for the members present at the meeting to ask the auditor (or its representative) questions relevant to the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by the Company in relation to the preparation of the financial statements, and the independence of the auditor in relation to the conduct of the audit.

The Chairperson also allows a reasonable opportunity for the auditor (or their representative) to answer written questions submitted to the auditor under section 250PA of the Corporations Act.

Principle 5: Make timely and balanced disclosure

Recommendation 5.1

The Company is committed to:

- (a) ensuring that shareholders and the market are provided with full and timely information about its activities;
- (b) complying with the continuous disclosure obligations contained in the Listing Rules and the applicable sections of the Corporations Act; and
- (c) providing equal opportunity for all stakeholders to receive externally available information issued by the Company in a timely manner.

The Company has adopted a Continuous Disclosure Policy, which is available on the Company's website.

The policy sets out policies and procedures for the Company's compliance with its continuous disclosure obligations under the ASX Listing Rules, and addresses financial markets communication, media contact and continuous disclosure issues. It forms part of the Company's corporate policies and procedures and is available to all staff.

The Executive Director (or equivalent) manages the policy. The policy will develop over time as best practice and regulations change and the Company Secretary will be responsible for communicating any amendments. The policy is reviewed by the Board annually.

Recommendation 5.2

The Company ensures that its Board receives copies of all material market announcements prior to release to the market followed by immediate notification, including the announcement, following its release to the market.

Recommendation 5.3

In accordance with the recommendation, the Company ensures that all substantive presentations are released to the ASX and the market prior to a presentation taking place.

Principle 6: Respect the rights of security holders

Recommendation 6.1

The Company provides information about itself and its governance to investors on the Company's website. The Company is committed to maintaining the website with general information about the Company and its operations and information specifically targeted at keeping the Company's shareholders informed about the Company. In particular, where appropriate, after confirmation of receipt by ASX, the following are uploaded on the website:

- (a) relevant announcements made to the market via ASX;
- (b) media releases;
- (c) investment updates;
- (d) Company presentations and media briefings;
- (e) copies of press releases and announcements for the preceding three years; and
- (f) copies of annual and half yearly reports including financial statements for the preceding three years.

Recommendation 6.2

The Company has a Shareholder Communications Policy which aims to ensure that shareholders are informed of all major developments of the Company. The policy is disclosed on the Company's website.

Information is communicated to shareholders via:

- (a) reports to shareholders;
- (b) ASX announcements;
- (c) annual general meetings;
- (d) general meetings; and
- (e) the Company's website.

While the Company aims to provide sufficient information to shareholders about the Company and its activities, it understands that shareholders may have specific questions and require additional information. To ensure that shareholders can obtain all relevant information to assist them in exercising their rights as shareholders, the Company has provided the relevant contact details on the Company's website for shareholders to make their enquiries.

Recommendation 6.3

The Board encourages full participation of shareholders at meetings to ensure a high level of accountability and identification with the Company's strategies and goals.

However, due to the size and nature of the Company, the Board does not consider a policy outlining the policies and processes that it has in place to facilitate and encourage participating at meetings of shareholders to be appropriate at this stage.

Recommendation 6.5

In order to ascertain the true will of the Company's security holders attending and voting at its security holder meetings, whether they attend in person, virtually or by proxy or other representative, in most situations where this can be achieved the Company will conduct the voting procedure by a poll.

Recommendation 6.5

Shareholders are given the option to receive communications from, and send communications to, the Company and its share registry electronically.

Principle 7: Recognise and manage risk

Recommendation 7.1

Due to the size of the Board, the Company does not have a separate Risk Committee (**RC**). The Board is responsible for the oversight of the Company's risk management and control framework.

The Board has adopted a Risk Management Policy, which is disclosed on the Company's website. Under the policy, responsibility and control of risk management is delegated to the appropriate level of management within the Company with the Executive Director (or equivalent) having ultimate responsibility to the Board for the risk management and control framework.

The risk management system covers:

- (a) operational risk;
- (b) financial reporting;
- (c) compliance/regulations; and
- (d) system/IT process risk.

The Company has developed a series of standard operating procedures (**SOP**) that provide a framework to assist in understanding and identifying the types of business risks threatening the Company as a whole, or specific business activities within the Company.

Recommendation 7.2

The Board will endeavour to review the Company's risk management framework and risk register annually to satisfy itself that the framework continues to be sound, to determine whether there have been any changes in the Company risk profile and to ensure that the Company is operating within the risk appetite set by the Board.

Arrangements put in place by the Board to monitor risk management include, but are not limited to:

- (a) monthly reporting to the Board in respect of operations and the financial position of the Company; and
- (b) preparation of quarterly rolling forecasts.

Recommendation 7.3

The Company undertakes certain internal audit activities, including monthly audits of sales activities in selected areas to ensure compliance with the Company's SOP. Consideration will be given to expanding the internal audit function to other areas in the future.

Recommendation 7.4

The Board does not consider the Company has any material exposure to economic, environmental or social sustainability risks at the present time.

A non-exhaustive summary of potential key risks associated with the Company's business is set out in the "Directors' Report" section of the annual report. The list does not include every risk that may be associated with the Company and its controlled entities, and the occurrence or consequences of some of the risks described are partially or completely outside the control of the Company, its Directors and senior executives. There is also no guarantee or assurance that the key risks will not change or that other risks will not emerge.

Principle 8: Remunerate fairly and responsibly

Recommendation 8.1

Due to the size of the Board, the Company does not have a separate remuneration committee (**RC**). The roles and responsibilities of a remuneration committee are currently undertaken by the Board.

The duties of the full board in its capacity as a RC are set out in the Company's Remuneration and Nomination Committee Charter which is available on the Company's website.

When the Board meets as an RC, it carries out those functions which are delegated to it in the Company's Remuneration and Nomination Committee Charter. Items that are usually required to be discussed by the RC are marked as separate agenda items at Board meetings when required.

Recommendation 8.2

Details of the Company's policies on remuneration are set out in the "Remuneration Report" contained in each annual report published by the Company. This disclosure includes a summary of the Company's policies regarding remuneration of non-executive directors and the Company's Executive Director (or equivalent).

Recommendation 8.3

The Company adopted an Employee Incentive Plan at the 2020 AGM and the Board may consider reviewing the plan in the current financial year to incentivise employees and senior management.

The Company's Securities Trading Policy includes a statement on the Company's policy on prohibiting participants in the Company's Performance Rights Plan entering into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the Performance Rights Plan.

The Company's Securities Trading Policy is available on the Company's website.

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