



Corporate Governance Statement FY22

This corporate governance statement outlines the corporate governance framework that has been established by Sarytogan Graphite Ltd (“SAR” or the “Company”) and its controlled entities (“Group”) and its compliance with that framework for the reporting period from 1 July 2021 to 30 June 2022.

The Directors are cognisant of the fourth edition Corporate Governance Principles and Recommendations (“ASX Principles”) published by the ASX Corporate Governance Council and have adopted the ASX Principles where they are considered appropriate to the Company’s circumstances. Under ASX Listing Rules, a company is required to provide a statement disclosing the extent to which it has followed all the recommendations of the ASX Principles and identify all the recommendations that have not been followed and give reasons for not following them. Unless otherwise outlined in this statement, the Board considers that the Company’s policies and practices follow the ASX Principles recommendations for the reporting period from 1 July 2021 to 30 June 2022.

The charters, codes and policies in respect of the Company’s corporate governance practices referred to in this statement are reviewed and updated periodically to ensure that they remain appropriate to the Company’s circumstances. The Company’s charters, codes and policies are available on SAR’s website at www.sarytogangraphite.com.au

This statement is current as at **30 June 2022** and has been approved by the Board of Directors of SAR. It is noted that the Company listed on ASX on 18 July 2022 following acquisition of the Sarytogan Graphite project in Kazakhstan. The activities and the Board have changed during the year and therefore a number of the corporate governance recommendations are a ‘work in progress’ and will be further developed by the Company during the FY22/23 year.

Principle 1: Lay Solid Foundations for Management and Oversight

(a) Roles of the Board and Management

The Board acknowledges that it is accountable to shareholders and must ensure that the Company is properly managed and protected to enhance shareholder value by ensuring the long-term health and prosperity of the Group.

SAR’s Board Charter establishes the following key responsibilities and functions of the Board:

- develop, review and monitor the Company’s long-term business strategies and provide strategic direction to management;
- ensure policies and procedures are in place to safeguard the Group’s assets and business and to enable the Group to act ethically and prudently;
- develop and promote a system of corporate governance which ensures the Group is properly managed and controlled;
- identify the Group’s principal risks and ensure that it has in place appropriate systems of risk management, internal control, reporting and compliance and that management is taking appropriate action to minimise those risks;

- review and approve the Company's budgets and consolidated financial statements. Before the Board approves the Company's financial statements, it shall receive from the CEO and the Chief Financial Officer a declaration that the financial records of the Group comply with the appropriate accounting standards and give a fair view of the financial position and performance of the Company;
- monitor management's performance and the Company's financial results on a regular basis;
- appoint, appraise and determine the remuneration and benefits of the CEO;
- delegate powers to the CEO as necessary to enable the day-to-day business of the Group to be carried on, and to regularly review those delegations;
- ensure that the Group has in place appropriate systems to comply with relevant legal and regulatory requirements that impact on its operations;
- determine the appropriate capital management for the Group including share and loan capital and dividend payments; and
- determine and regularly review an appropriate remuneration policy for employees of the Group.

The Board has delegated the day-to-day management of the business and affairs of SAR to the CEO. The Board has approved detailed delegation authority limits for the CEO and certain senior managers that may be exercised in accordance with SAR's Delegated Authority Policy. Financial and procedural controls are maintained by management to ensure adherence to the delegated authority limits and SAR's Delegated Authority Policy. When considered appropriate by the Board these financial and procedural controls may be amended.

In addition to the requirements of the law, the Company's Constitution and ASX Listing Rules, the Delegated Authority Policy reserves the following matters (including amendments to any such matters) for approval by the Board:

- establishment of SAR's overall strategic direction; business plan, including geographic expansion and product range; and the Company's key business and financial objectives;
- approval of acquisition and disposal of assets which exceed the authority limits delegated to the CEO;
- decisions which result in a material change to the business of SAR;
- various financial controls;
- changes to the Company's capital or corporate structure; and
- charging or encumbering in any way the assets of the Group or borrowing any money or obtaining any financial facility.

(b) Procedure for the Selection and Appointment of Directors

In selecting new members for the Board, the Board Charter requires directors to have regard to the appropriate range of qualifications, experience and diversity needed by the Board as a whole and for the directors to endeavour to appoint individuals who will provide a mix of director characteristics and diverse experiences, perspectives and skills appropriate for the Group.

The Board has established guidelines for the appointment and selection of Directors. These guidelines are to ensure that the Board consists of members with a range of skills and experience to meet its primary responsibility for promoting the success of the Company in a

way which ensures that the interests of shareholders and other stakeholders are promoted and protected.

(c) **Letters of Appointment**

(i) **Non-Executive Directors**

Two new Directors were appointed during the period. Non-Executive Directors have received formal letters of appointment setting out the term of office, their role and responsibilities, time commitments, remuneration and expenses, outside interests, the requirement to disclose director's interests, the requirement to comply with key corporate policies, the Company's policy on when Directors may seek independent professional advice, indemnity and insurance arrangements, and confidentiality obligations.

(ii) **Senior executives**

The Company has entered into employment agreements with senior executives of the Company which provide the employment conditions, remuneration and entitlements for the senior executive's position with the Company. The agreement also contains an acknowledgement by the senior executive to maintain information which is confidential to the Group. All inventions, discoveries and novel designs created by the senior executive as a result of or in the course of the performance of their duties with the Group are assigned to the Company.

(iii) **Company secretary**

The company secretary is Mr Ian Hobson who was appointed on 5 July 2021.

The company secretary is accountable directly to the Board, through the Chairman. Each Director is able to communicate directly with the company secretary and vice versa.

Mr Hobson's biography is available in the Company's 2022 Annual Report.

The company secretary's responsibilities include:

- ensuring that the business and attendances at Board and committee (where established) meetings are captured in the minutes;
- advising the Board on governance matters;
- acting as the Company's disclosure officer to ASX; and
- monitoring that Board and committee (where established) policies and procedures are followed.

(d) **Diversity Policy**

The Company has adopted a Diversity Policy to assist SAR to achieve a corporate objective of attracting, developing and retaining people who are highly competent and can contribute to the long-term success of the Company and its corporate values by bringing a broader range of perspectives, experience and ideas. The Diversity Policy requires that the Board set and assess measurable objectives for achieving improved diversity.

As at 30 June 2022 of the employees employed throughout the Group in full-time, part-time and casual employment, Nil percent of employees were women and 100 percent were men.

There are no women on the Board and no women hold a senior executive position. A senior executive position is a position which reports directly to the CEO or the Board.

The Company has not set measurable diversity objectives due to the size and recent ASX listing of the Company. The Company is cognisant that achieving diversity objectives is influenced by many factors including:

- the need to hire the best qualified person for the available job as established by the Company's Equal Opportunity Policy;
- changes in the number of people employed due to expansion or reduction in future business activities of the Company; and
- changes in the composition of the workforce due to resignations, redundancies or terminations.

Due to the current size of the Group's workforce (less than 100 employees) the Company is not required to lodge annual public reports with the Workplace Gender Equality Agency for the Company's operations.

(e) Board and Board Committee Performance Evaluation

The Board Charter requires the Board to undertake a review of its performance, policies and practices every 12 months and to disclose the process for periodically evaluating the performance of the Board, its committees and individual directors. The results of the performance evaluation will be used by the Board when considering making a recommendation to shareholders regarding any Director required to stand for re-election.

Due to the recent Board appointments, no Board review was undertaken during the year.

(f) Senior Executive Performance Evaluation

The Board reviews the performance of the CEO against key performance indicators on an annual basis. The CEO undertakes a formal review each year assessing the performance of senior executives who report to him.

During the financial year, no performance reviews of the senior management occurred due to recent employment appointments.

Principle 2: Structure the Board to Add Value

(a) Composition of the Board

The Board is responsible for the overall operation and stewardship of the Group and for the overall success and long-term growth in a way which ensures that the interests of shareholders are promoted and protected.

The information in this Statement regarding the Directors, the Board and committee membership is current as at the date of this statement.

There were three Director changes during the year. The Directors and the date of their appointment as at the date of this Corporate Governance Statement are:

Director	Independence	Appointment date
Mr Waldemar Mueller – Technical Director	Not Independent	29 November 2021
Mr Stephen Penrose – Non-Executive Chairman	Independent	29 November 2021
Mr Brendan Borg – Non-Executive Director	Independent	29 November 2021
Mr Sean Gregory – Managing Director	Not Independent	25 January 2022

(b) Director Independence

The Board comprises 2 independent Non-Executive Directors and 2 Executive Directors.

The Company has adopted guidelines based on the factors set out in the ASX Principles in assessing the independent status of a director. These guidelines are set out in the Board Charter.

The Board considers that each of Stephen Penrose and Brendan Borg are independent non-executive Directors for the purpose of the ASX Principles.

The Board believes that Mr Penrose is the most appropriate Director to lead the Board as a Non-Executive Chairman, that he is able to bring independent judgement and business acumen to relevant issues falling within the scope of the role of Chairman, and that SAR as a whole, benefits from this extensive experience and knowledge and his contribution to the Company as Chairman.

(c) Board Skills Matrix

Collectively, the Board has an extensive range of commercial skills and other relevant experience required for effective management of the Company's business. A board skills matrix is provided on the company's website.

The Board considers that its current members have an appropriate mix of skills that enable the Board to discharge its responsibilities and deliver the Company's strategy and corporate objectives.

(d) Nominations and Remuneration Committee

The Board has not formed a Nomination and Remuneration Committee on the basis that the size and complexity of the underlying business did not warrant the costs and additional time input of the committee members.

The Board has assumed the role of a Nominations Committee which includes:

- review the size and composition of the Board;
- review and advise the Board on the range of skills available on the Board and appropriate balance of skills for future Board membership;
- review and consider succession planning for the CEO, the chairman and other Directors and key executives;
- develop criteria and procedures for the identification of candidates for appointment as Directors, with the criteria including a consideration of the candidate's:
 - skills, experience, expertise and personal qualities;
 - capability to devote the necessary time and commitment to the role; and

- potential conflicts of interest and independence;
- apply the criteria and procedures to identify prospective candidates for appointment as a Director and make recommendations to the Board;
- make recommendations to the Board regarding any Directors who should not continue in office, having regard to the results of a formal performance appraisal of Directors and/or consideration of the appropriate composition of the Board;
- nominate for approval by the Board external experts (where appropriate) to advise on the matters listed above;
- review the time required from a non-executive Director and whether Directors are meeting this requirement;
- evaluate management's recommendations on the appointment of key executives;
- develop a plan for identifying, assessing and enhancing Director competencies;
- ensure that there are appropriate professional development opportunities for continuing Directors to develop and maintain the skill and knowledge needed to perform their role as a Director effectively; and
- ensure that there is an appropriate induction program for new Directors and members of senior management and review its effectiveness.

The Board has assumed the role of a Remuneration Committee which includes the:

- determination of the remuneration policy recommendations of the CEO;
- determination of the remuneration and contract terms for the CEO and senior management;
- determination of the terms and conditions of long-term incentive plans, short-term incentive plans, share right plans, performance targets and bonus payments for the CEO and senior management;
- determination of the terms and conditions of any employee incentive plans;
- determination the remuneration of non-executive Directors;
- review, management and disclosure of the policy (if any) under which participants to an equity-based remuneration scheme may be permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and
- determination of the content of the Remuneration Report to be included in the Company's Annual Report.

(e) Induction program

The Board has established an induction program for new Directors. This includes the provision of information to assist them to familiarise themselves with the business, strategy and operations by way of meetings with Non-Executive Directors, Executives and other key employees, access to all relevant Company information including key corporate governance policies, charters and procedures and Board papers, where appropriate.

Principle 3: Act Ethically and Responsibly

(a) Statement of Values

The Company recognises that its reputation is a valuable asset which is based largely on the ethical behaviour of the people who represent the Company. A statement of values has been formulated and disclosed on the Company's website.

(b) Code of Conduct

The Board has established a Code of Conduct which outlines how the Company expects Directors and employees to not only comply with the law, but also to conduct themselves in a manner consistent with the current community and corporate standards.

The objectives of the Code of Conduct are:

- to provide a benchmark for professional behaviour throughout the Company;
- to support SAR's business reputation and corporate image within the community; and
- to make employees aware of the consequences if they breach the code.

Any breach of the Code of Conduct is treated as a serious matter and may give rise to disciplinary action including termination of employment.

(c) Supporting Policies to the Code

The Board has established various policies to support the Code of Conduct including:

(i) Whistleblowing

SAR recognises that any genuine commitment to detecting and preventing illegal and other undesirable conduct must include, as a fundamental cornerstone, a mechanism whereby Directors and employees can report their concerns freely and without fear of repercussion.

SAR's Whistleblower Protection Policy provides a mechanism for the reporting of illegal and other undesirable conduct. An employee can report a matter of concern to their immediate supervisor or manager, or to a more senior manager or in instances where the employee wishes to remain anonymous, to the company secretary. All reported concerns are required to be investigated appropriately and feedback regarding the investigation's outcome provided to the employee where appropriate.

(ii) Securities dealing by SAR Directors and Employees

The purpose of SAR's Securities Dealing Policy is:

- to explain the type of conduct in relation to dealings in securities of SAR that is prohibited under the Corporations Act 2001 (Cth) ("Corporations Act") which is applicable to all SAR Employees, Directors, its contractors and consultants and any of their related parties; and
- to establish a best practice procedure relating to dealing in securities that provides protection to both SAR and Group employees against the misuse of unpublished information which could materially affect the value of securities.

In addition to the restrictions imposed at law, the policy also requires that Employees and Directors who wish to deal in securities must obtain prior approval to do so. Employees and Directors of SAR, and their related parties, may only deal in the Company's securities during certain dealing windows.

(iii) **Anti-Bribery & Anti-Corruption Policy**

SAR's Anti-Bribery & Anti-Corruption Policy prohibits any Representative from paying, offering, accepting or receiving a bribe in any form.

The Company prohibits the offering or acceptance of gifts, entertained or hospitality in circumstances which would be considered to give rise to undue influence.

The Company does not make political donations or payments.

Principle 4: Safeguard Integrity of Corporate Reporting

(a) **Audit, Risk and Compliance Committee**

The Board has not formed an Audit, Risk and Compliance Committee on the basis that the size and complexity of the underlying business did not warrant the costs and additional time input of the committee members.

The Board has assumed the role of an Audit, Risk and Compliance Committee which includes:

- overview of the external audit function and maintaining an appropriate working relationship with the external auditors;
- overseeing financial reporting;
- fulfilling its overview of the systems of internal control which the Board and management have established;
- ensuring the establishment and maintenance of processes of risk management and monitoring compliance with corporate policies, the Code of Conduct and corporate governance and risk management policies generally; and
- meeting planning, agenda and board paper format, and minute requirements.

(b) **Affirmation**

The Board received assurance from the CEO and the chief financial officer in respect of the 2022 financial statements, that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial report risks.

Any periodic corporate report the Company releases to the market that is not audited or reviewed by an external auditor is prepared by management and is to reviewed by the full board before being released.

(c) **Auditor to attend Annual General Meeting**

The Company's external auditor attended the 2021 Annual General Meeting.

The Company will ensure that the external auditor will be in attendance at the 2022 Annual General Meeting of the Company to answer questions from shareholders relevant to the audit.

Principle 5: Making Timely and Balanced Disclosure

Market Disclosure

The Company has adopted a Market Disclosure Policy for the purpose of:

- identifying material price-sensitive information;
- reporting such information to the disclosure officer for review;
- ensuring SAR achieves best practice in complying with its continuous disclosure obligations under the Corporations Act and ASX Listing Rules; and
- ensuring the Company, the Board and key senior management do not contravene the Corporations Act or ASX Listing Rules.

The rules set out in the policy are designed to ensure that announcements made by the Company:

- are made in a timely manner;
- are factual;
- do not omit material information; and
- are expressed in concise and clear language that allows shareholders and the market to assess the impact of the information when making investment decisions.

The policy applies to Directors and members of senior management who are most likely to be in possession of, or become aware of, the relevant information. All SAR employees are made aware of the existence of the policy so that they can assist with reporting of potentially sensitive information to the appropriate persons within the Company.

SAR is committed to:

- complying with the general and continuous disclosure principles contained in the ASX Listing Rules and the Corporations Act;
- preventing the selective or inadvertent disclosure of material price-sensitive information;
- ensuring that shareholders and the market are provided with full and timely information about its activities; and
- ensuring that all market participants have equal opportunity to receive externally available information issued by SAR.

The company secretary has been appointed as SAR's disclosure officer responsible for implementing and administering the Market Disclosure Policy.

The disclosure officer is responsible for all communication with ASX and for making the decisions on what should be disclosed publicly under the policy.

The disclosure officer is responsible for developing and maintaining relevant guidelines to help SAR's employees understand what information may be materially price-sensitive.

The disclosure officer is responsible for monitoring all SAR disclosure practices and for making recommendations to the Board on updating the policy in response to change in internal structure legislature and regulatory developments and technology developments.

Principle 6: Respect the Rights of Security Holders

Shareholder Communications

SAR recognises that its current and prospective shareholders are entitled to be informed in a timely manner of all major happenings and developments affecting SAR. SAR's website currently includes information about itself and a section on its corporate governance policies and practices. In addition, the website is updated progressively to contain relevant information to shareholders and interested parties.

The CEO and the company secretary have the primary responsibility for communication with shareholders. The CEO has overall responsibility for communication with analysts, stockbrokers, the media and major shareholders. The company secretary has overall responsibility for communication with ASX, other regulatory bodies and retail shareholders.

SAR has a Communications Policy which is based upon compliance with the Company's disclosure obligations and aims at all times to achieve best practice.

The policy commits the Company to facilitating shareholder participation in member meetings and to dealing promptly with shareholder enquiries.

SAR believes that communicating with shareholders by electronic means, particularly through its website, is an efficient way of distributing information in a timely and convenient manner.

Shareholders can elect to receive communications from the Company's share registry electronically. Shareholders are also able to send communications to the Company and the Company's share registry and receive responses to these communications electronically, details of which are available on the Company's website.

The Company holds its Annual General Meeting (AGM) in Perth, Australia, to which all shareholders are invited. Shareholders who are unable to attend can appoint a proxy to attend and vote at the meeting and can register questions in advance of the AGM either online or by submitting a question form provided in the AGM mail out. Questions are collated and during the AGM, the Chairman seeks to address as many of the more frequently raised topics as possible.

Principle 7: Recognise and Manage Risk

(a) Risk Management

SAR's Risk Management Policy assists in the development of organisational capabilities in risk management for internal control purposes. Risk management is regarded as an integral part of the Company's strategic planning, business planning and investment/project appraisal procedures. The focus of risk management is the identification and treatment of risks with the objective to add maximum sustainable value to all of the activities of the Company.

The Board acknowledges that it is ultimately responsible for the risk management and internal control framework of the Company. The Board regularly reviews the effectiveness of the risk management and internal control framework to satisfy itself that it continues to be sound. The Board reviews and discusses strategic risks and opportunities arising from changes in the Company's business environment regularly and on an as needs basis.

The responsibility for undertaking and assessing risk management and internal control effectiveness is delegated to management. Management is required to report to the Board through on the efficiency and effectiveness of risk management.

During the period, the Company has reviewed the Risk Management Policy and considers that it remains sound.

The Company does not have an internal audit function. That function is undertaken by the full Board.

(b) Economic, Environmental and Social Sustainability Risks

(i) Economic sustainability risks

Economic sustainability risks are risks relating to macro-economic conditions which could affect the Group's ability to continue operating at current levels over the long-term. The Group is exposed to a number of economic sustainability risks including:

- foreign exchange risk;
- regulatory risk; and
- sovereign risk.

These risks are included in the Company's risk register and if the risk is considered material and able to be mitigated, mitigation strategies are prepared by management.

(ii) Environmental sustainability risks

Environmental sustainability risks are risks to the Group's ability to continue operating in a manner that does not compromise the health of ecosystems in which it operates over the long-term.

The Company does not believe that it is exposed to any environmental sustainability risks which have a real possibility of substantially impacting on the Group's ability to create or preserve value for its shareholders over the short-, medium- or long-term.

(iii) Social sustainability risks

Social sustainability risks are risks to SAR's ability to continue operating in a manner that meets acceptable social norms and needs over the longer-term. The Company does not believe that it is exposed to any social sustainability risks which have a real possibility of substantially impacting on SAR's ability to create or preserve value for its shareholders over the short-, medium- or long-term.

Principle 8: Remunerate Fairly and Responsibly

(a) Remuneration Policies and Practices

(i) Non-Executive Directors

The maximum aggregate fees that can be paid to Non-Executive Directors was established in the Company's Constitution as \$300,000 per annum. This amount has not been varied by shareholders.

The amount paid to each Non-Executive Director is a fixed annual amount as agreed by the Board and does not include a commission or percentage of profits or income of the Company.

Non-Executive Directors are not eligible to receive retirement benefits (other than statutory superannuation) and do not participate in any equity-based payment or incentive plans.

The details of the remuneration paid to each Non-Executive Director during the financial year are included in the Remuneration Report contained in the 2022 Annual Report.

(ii) **Executives**

The Company has entered into an agreement with the CEO which has established a remuneration and reward framework. The agreement is designed to provide a base salary with the addition of short- and long-term incentive rewards to attract and retain a strong candidate and promote financial performance and growth, while also encouraging long-term shareholder value. Short-term and long-term incentives are subject to the achievement of qualitative non-financial performance indicators and the achievement of key financial metric targets.

Senior management are paid a base salary and may be paid a yearly cash bonus following an annual performance review. Specific short- and long-term incentives are currently not included in a senior manager's employment contract.

(iii) As detailed under Principle 4, the Board performs the tasks of the Nominations and Remuneration Committee and assumed its responsibilities.

(b) **Speculative dealing**

Directors, Employees and their related parties are prohibited at all times from:

- engaging in short-term speculative dealing in the Company's securities such as dealing for a short-term gain. This includes buying and selling securities within a three-month period, and entering into other short-term dealings (e.g. forward contracts). However, a sale of shares received following vesting of employee incentives (if applicable) with a vesting period of over three months is not considered speculative for this purpose;
- short selling or in dealing through contracts for difference or derivatives linked specifically to SAR's securities;
- entering into transactions in financial products which operate to limit the economic risk of security holdings in SAR over unvested entitlements or vested entitlements subject to a holding lock or restriction on dealing (restricted entitlements or restricted securities), including, without limitation, any hedging or similar arrangement in respect of unvested entitlements or restricted entitlements held or granted under any equity-based remuneration scheme; and
- entering into any stock borrowing or margin loan arrangement in relation to security holdings in SAR, transferring securities in SAR into an existing margin loan account and selling securities in SAR to satisfy a call pursuant to a margin loan.