



**Spheria Emerging Companies Limited
(ACN 621 402 588)**

Corporate Governance Statement

25 August 2023

The board of directors (**Board**) of Spheria Emerging Companies Limited (**Company**) is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of the Company, on behalf of the shareholders to whom they are accountable. The table below summarises the Company's compliance with the fourth edition of the ASX Corporate Governance Council's Principles and Recommendations (**ASX Recommendations**). This statement has been approved by the Board.

	ASX Recommendations	Compliance	Comment
1.	Lay solid foundations for management and oversight		
1.1	<p>A listed entity should have and disclose a board charter setting out:</p> <p>(a) the respective roles and responsibilities of its board and management; and</p> <p>(b) those matters expressly reserved to the board and those delegated to management.</p>	Complies	<p>The functions of the Board are set out in the Company's Board policy (Board Policy) contained in Section 1 of the Company's corporate governance charter (Corporate Governance Charter). A copy of the Corporate Governance Charter can be located on the Company's website at https://spheria.com.au/funds/spheria-emerging-companies-limited-asx-sec/.</p> <p>The Board is responsible for the appointment of the investment manager, Spheria Asset Management Pty Limited ACN 611 081 826 (Manager) to whom the Company has delegated investment management responsibilities in respect of the Company's portfolio.</p> <p>The Board has also appointed Pinnacle Investment Management Limited to provide various administration support services (Administrator).</p>

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1.2	<p>A listed entity should:</p> <p>(a) undertake appropriate checks before appointing a director or senior executive or putting someone forward for election as a director; and</p> <p>(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.</p>	Complies	<p>Section 1.7 of the Corporate Governance Charter sets out the process for appointment and retirement of directors of the Company.</p> <p>The Board Policy in this Section:</p> <ul style="list-style-type: none"> sets out the matters that the Board will consider when appointing a director, including the results of appropriate background checks; and requires the Board to provide shareholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director. <p>The Company does not have or appoint any senior executives.</p>
1.3	<p>A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>	Complies	<p>Section 1.7 of the Corporate Governance Charter requires there to be a written agreement between the Company and each director.</p> <p>Under the Board Policy in this Section, when the Board considers the appointment of any new director, the terms of appointment of the director must be recorded in a letter of appointment which takes into consideration the ASX Recommendations. This forms the basis of the written agreement entered into between the Company and the director.</p> <p>The Company does not have any senior executives.</p>
1.4	<p>The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.</p>	Complies	<p>Section 1.4 of the Corporate Governance Charter specifies that the Company Secretary is accountable directly to the Board, through the Chairperson, on all matters to do with the proper functioning of the Board.</p>

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1.5	<p>A listed entity should:</p> <ul style="list-style-type: none"> (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: <ul style="list-style-type: none"> (1) the measureable objectives set for that period to achieve gender diversity; (2) the entity's progress towards achieving those objectives, and (3) either: <ul style="list-style-type: none"> (A) the respective proportions of men and women on the Board, in senior executive positions and across the whole 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. 	Not Applicable	The Company does not have a diversity policy as the Company does not have any employees or management. In the event that a director vacancy arises, the Board includes diversity in its nomination process as per the Board Policy in Section 1.7 of the Corporate Governance Charter.
1.6	<p>A listed entity should:</p> <ul style="list-style-type: none"> (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 	Complies	<p>Section 1.9 of the Corporate Governance Charter outlines that a performance evaluation of the Board will be undertaken annually.</p> <p>The Board reviewed its performance by discussion and by reference to generally accepted Board performance standards.</p>

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	accordance with that process during or in respect of that period.		
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and</p> <p>(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.</p>	Not Applicable	The Company does not have any senior executives.
2.	Structure the board to be effective and add value		
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(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</p>	Complies	<p>The Board does not have and does not intend to establish such a committee at this time. The formation of such a committee would be inefficient given the Company's size and nature and, accordingly, would not serve to protect or enhance the interests of shareholders. The functions that would be performed by a nomination committee are best undertaken by the Board at this time. The Board will deal with these issues as a whole.</p> <p>The Company recognises the importance of establishing a nomination committee as good corporate governance in circumstances where appropriate for the size, nature and complexity of a company. Should the size, nature and/or complexity of the Company change, the Board will consider establishing a separate nomination committee.</p> <p>The Board Policy seeks to ensure that the Board has the appropriate balance of skills, expertise, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>

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	(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.		
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.	Complies	<p>The experience, qualifications and skills of the Board comprises and should include expertise in the following areas relevant to the Company:</p> <ul style="list-style-type: none"> • Legal and corporate governance • Investment management • Financial services • Mergers and acquisitions • Capital markets • Business analysis • Risk and compliance • Accounting • Marketing and distribution
2.3	<p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(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,</p>	Complies	<p>The Board is comprised of three directors, two of whom are independent being Jonathan Trollip and Lorraine Berends.</p> <p>The details of the directors are included in the Annual Report.</p>

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	<p>position or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p>		
2.4	A majority of the board of a listed entity should be independent directors.	Complies	The Board is comprised of three directors, two of whom are considered independent.
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.	Complies	The Chairperson is independent. The Company does not have a chief executive officer.
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.	Complies	<p>Under the Board Policy in Section 1.8 of the Corporate Governance Charter:</p> <ul style="list-style-type: none"> • the Company Secretary is responsible for arranging for a new director to undertake an induction program enabling the new director to understand: <ul style="list-style-type: none"> (a) the Company's investments; (b) the Company's financial, strategic, operational and risk management position; (c) their rights, duties and responsibilities; and (d) any other relevant information. <p>As part of the Board performance evaluation, the Board periodically considers whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role on the Board effectively.</p>
3.	Instil a culture of acting lawfully, ethically and responsibly		
3.1	A listed entity should articulate and disclose its values.	Complies	The Company's Code of Conduct articulates and discloses the Company's values and is contained in Section 3 of the Company's

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			Corporate Governance Charter and is available on the Company's website at https://spheria.com.au/funds/spheria-emerging-companies-limited-asx-sec/ .
3.2	<p>A listed entity should:</p> <p>(a) have and disclose a code of conduct for its directors, senior executives and employees; and</p> <p>(b) ensure that the board or a committee of the board is informed of any material breaches of that code by a director or senior executive</p>	Complies	<p>The Company's Code of Conduct is contained in Section 3 of the Company's Corporate Governance Charter and is available on the Company's website at https://spheria.com.au/funds/spheria-emerging-companies-limited-asx-sec/.</p> <p>Material breaches of the Code of Conduct are reported to the Board by the Company Secretary.</p>
3.3	<p>A listed entity should:</p> <p>(a) have and disclose a whistleblower policy; and</p> <p>(b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.</p>	Complies	<p>A copy of the Whistleblower Policy is available on the Company's website at https://spheria.com.au/funds/spheria-emerging-companies-limited-asx-sec/.</p> <p>Material incidents are reported to the Board by the Company Secretary.</p>
3.4	<p>A listed entity should:</p> <p>(a) have and disclose an anti-bribery and corruption policy; and</p> <p>(b) ensure that the board or committee of the board is informed of any material breaches of that policy.</p>	Not Applicable	<p>The Company does not have an anti-bribery and corruption policy as the Company does not have any employees.</p> <p>The Manager and Administrator have each adopted an Anti-Bribery and Corruption Policy and attested to compliance with their respective policies.</p>

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4.	Safeguard the integrity of corporate reports		
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(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</p> <p>(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.</p>	Complies	<p>The Board does not have and does not intend to establish such a committee at this time. The formation of such a committee would be inefficient given the Company's size and nature and, accordingly, would not serve to protect or enhance the interests of shareholders. The Board will deal with this issue as a whole. Should the size or nature of the Company change, the Board will consider establishing a separate audit committee.</p> <p>The Board has, through the Administrator, established a process to independently verify and safeguard the integrity of its corporate reporting. The Board, through the Administrator, monitors the performance of the external auditor including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>

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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.	Complies	<p>The Manager and the Administrator are responsible for preparing the declaration pursuant to section 295A of the Corporations Act as the Company does not have a chief executive officer (or equivalent) or a chief financial officer (or equivalent).</p> <p>The Board requires the Manager and the Administrator to have in place sound systems of risk management and internal controls and ensures that the systems and controls are operating effectively in all material respects in relation to financial reporting risks.</p>
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.	Complies	<p>The Company's annual, half yearly and other corporate reports are subject to comprehensive vetting by the Manager and the Administrator to ensure statements made are accurate, factual and balanced and forecasts of any future events are made on a reasonable basis. This process is also underpinned by the general approach of the Company's Continuous Disclosure Policy to release information that is factual, not omit any material information and express information in an objective and clear manner.</p> <p>The Company Secretary is also responsible for all communication with ASX including the coordination of the ASX lodgement process and the Board reviews and approves disclosures relating to a number of matters including but not limited to financial results and dividends.</p>
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 the listing rule 3.1.	Complies	The Company operates under the continuous disclosure requirements of the ASX Listing Rules as set out in its continuous disclosure policy contained in Section 2 of the Corporate Governance Charter (Continuous Disclosure Policy). The Company ensures that all information which may be expected to affect the value of the Company's securities or influence investment decisions is released

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			<p>to the market in order that all investors have equal and timely access to material information concerning the Company.</p> <p>The Company Secretary has the responsibility for ensuring that all relevant information is released to the market in a timely manner in consultation with the Board. The Company considers this to be a satisfactory protocol given the size and nature of the Company.</p> <p>The Continuous Disclosure Policy is available on the Company's website at https://spheria.com.au/funds/spheria-emerging-companies-limited-asx-sec/.</p>
5.2	A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.	Complies	The Company's Continuous Disclosure Policy sets out a procedure for the Board to review and approve all material market announcements before they are released to the ASX.
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.	Complies	All presentation materials provided at briefings to new, substantive investors and/or analysts are released on the ASX Market Announcements Platform ahead of the briefings and are made available on the Company's website.
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.	Complies	The Company provides information about itself and its governance to investors via the Company's website at https://spheria.com.au/funds/spheria-emerging-companies-limited-asx-sec/ .
6.2	A listed entity should have an investor relations program that facilitates effective two-way communication with investors.	Complies	The Board has developed a shareholder communications strategy within the Continuous Disclosure Policy outlined in Section 2.15 of the Corporate Governance Charter to ensure that shareholders are informed of all major developments affecting the Company's performance, activities and state of affairs. This includes having a website to facilitate communication with shareholders. In addition, the

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			Company publishes regular shareholder communications, such as daily NTA announcements and monthly investment updates which details the Company's results and investment performance as well as insights from the Manager.
6.3	A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.	Complies	<p>Section 2.15 of the Corporate Governance Charter specifies that the Board encourages full participation of shareholders at the Company's general meetings to ensure a high level of accountability and identification with the Company's strategy.</p> <p>Shareholder participation is encouraged as follows:</p> <ul style="list-style-type: none"> • the notice of meeting and Annual Report (in the case of an annual general meeting) are distributed to all shareholders according to their nominated or inferred communication preference in advance of the meeting; • shareholders are encouraged to submit questions in writing for the directors of the Company or the external auditor (in the case of an annual general meeting) to the Company before the meetings by email; • shareholders may vote electronically or by proxy on all resolutions at the Company's general meetings; • the 2022 annual general meeting was held as a hybrid meeting allowing shareholders to attend in person or online. Shareholders also had the opportunity to ask questions and/or vote in person or online during the meeting.
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.	Complies	Voting on all substantive resolutions is conducted by way of a poll.
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	Complies	Section 2.15 of the Corporate Governance Charter specifies that the Company gives shareholders the option to receive and send communications electronically.

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7.	Recognise and manage risk		
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(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</p> <p>(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.</p>	Complies	<p>The Board does not have and does not intend to establish such a committee at this time. The formation of such a committee would be inefficient given the Company's size and nature and, accordingly, would not serve to protect or enhance the interests of shareholders. The Board will deal with this issue as a whole. Should the size or nature of the Company change, the Board will consider establishing a separate risk committee.</p> <p>The Manager is primarily responsible for managing the risk of the portfolio. Other third parties, such as the Administrator, assist with compliance. The Manager's risk policies and controls are designed to be robust and relevant to the Company's investment objective and strategy.</p>
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and the entity is operating with due regard to the risk appetite set by the board; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	Complies	<p>The Board will review the adequacy and effectiveness of the Company's risk management framework at least annually to satisfy itself that major risks have been identified and are appropriately managed and that the framework continues to be sound.</p> <p>The Board also oversees market risk protocols and ensures the Manager complies with the asset allocation restrictions.</p> <p>The Company will disclose whether the review has taken place in each Annual Report.</p>

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7.3	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(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.</p>	Complies	<p>The Board does not have an internal audit function.</p> <p>The process for evaluation and improving the effectiveness of its governance, risk management and internal control processes is set out in Section 1.2 of the Corporate Governance Charter. The Administrator of the portfolio provides periodic reports to the Board on risk management and internal control processes relevant to the Company.</p>
7.4	<p>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.</p>	Complies	<p>The Board does not believe that the Company has any direct material exposure to environmental or social risks, however, it may have indirect exposure through its investments.</p> <p>The Company has appointed the Manager to manage the portfolio. The Company will manage risk by monitoring the Manager to ensure that the investment guidelines are implemented. Under the Investment Management Agreement, the Manager must report to the Board on a regular basis. These reports allow the Board to monitor the Manager and the portfolio to ensure ongoing compliance with the investment strategy and investment guidelines.</p> <p>If the Company's exposure to environmental or social risks changes, it will disclose this and how it manages or intends to manage those risks.</p>
8.	Remunerate fairly and responsibly		
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p>	Complies	<p>The Board does not have and does not currently intend to establish such a committee. The formation of such a committee would be inefficient given the Company's size and nature (including the fact that it does not have any employees) and, accordingly, would not serve to protect or enhance the interests of shareholders. Should the</p>

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	<p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(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</p> <p>(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.</p>		<p>size or nature of the Company change, the Company will consider establishing a separate remuneration committee.</p> <p>The Board will annually review the allocation and amount of directors' remuneration and this will reflect market rates.</p> <p>The Company does not have any senior executives.</p>
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.	Complies	Refer to Item 8.1 of this table. The current remuneration of the directors is set out in the Annual Report. There are no senior executives.
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(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</p> <p>(b) disclose that policy or a summary of it.</p>	Not Applicable	The Company does not have an equity-based remuneration scheme. However, the Company's share trading policy that is included in Section 4 of the Corporate Governance Charter addresses hedging and margin loans.