



## CORPORATE GOVERNANCE STATEMENT

The Board of DUG Technology Ltd ACN 169 944 334 (**DUG** or the **Company**) is committed to maximising performance, generating appropriate levels of shareholder value and financial returns, and sustaining the growth and success of DUG. With these objectives in mind, the Board is concerned to ensure that DUG is properly managed to protect and enhance shareholder interests and that DUG, its directors, officers and employees, operate in an appropriate environment of corporate governance. Accordingly, the Board has created a framework for managing DUG including adopting relevant internal controls, risk management processes and corporate governance policies and practices which it believes are appropriate for DUG's business and which are designed to promote the responsible management and conduct of DUG.

The ASX Corporate Governance Council has developed and released corporate governance recommendations for Australian listed entities (**ASX Recommendations**) in order to promote investor confidence and to assist companies to meet stakeholder expectations. The recommendations are not prescriptions, but guidelines. Under the ASX Listing Rules, DUG will be required to provide a statement in its annual report disclosing the extent to which it has followed the ASX Recommendations in the relevant reporting period. Where DUG does not follow a recommendation, it must identify the recommendation that has not been followed and give reasons for not doing so.

The ASX Corporate Governance Council recently released its 4th edition of the ASX Recommendations for Australian entities, which applies to DUG as an ASX listed entity. To promote good corporate governance and a strong understanding of these principles, DUG has prepared its corporate governance policies so as to be practically fully compliant with the 4th edition of the ASX Recommendations.

The main policies and practices adopted by DUG, which will apply to as an ASX listed entity are summarised below. In addition, many governance elements are contained in the Company's constitution.

Except as set out below, DUG does not anticipate that it will depart from the recommendations of the ASX Recommendations, however, it may do so in the future if it considers that such a departure would be reasonable or appropriate.

Copies of DUG's key policies and practices and the charters for the Board and each of its committees are available at [www.dug.com](http://www.dug.com).

Recommendations (4th edition)	Comply	Explanation
Principle 1 - Lay solid foundations for management and oversight		
1.1	Yes	DUG has a Board Charter setting out the respective roles and responsibilities of its Board and management and matters to be reserved to the Board and delegated to management.
1.2	Yes	Appropriate checks including criminal record checks have been carried out on all Board members, CEO and CFO prior to their appointment. DUG will provide Shareholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a Director at future general meetings.
1.3	Yes	All Directors and Leadership Team have a written agreement with DUG setting out the terms of their appointment.
1.4	Yes	DUG's Company Secretary is accountable directly to the Board, through the Chairman on all matters to do with the proper functioning of the Board.

Recommendations (4th edition)	Comply	Explanation
1.5	Yes	<p>The Board has adopted a Diversity Policy (a copy of which is on DUG's website). The Diversity Policy requires the Board to set measurable objectives for obtaining gender diversity in the composition of its board, senior executives and workforce generally.</p> <p>DUG has a female CFO and Executive Director and is committed to establishing measurable objectives for achieving gender diversity, promoting diversity among the Board, Leadership Team and other employees and keeping Shareholders informed of its progress towards implementing and achieving its diversity objectives.</p>
1.6	Yes	<p>At least once per year the Board will, with the advice and assistance of the Nomination and Remuneration Committee, review and evaluate the performance of the Board, each Board Committee and each Director against the relevant charters, corporate governance policies, and agreed goals and objectives.</p>
1.7	Yes	<p>Performance reviews for Executive Directors and Senior Management will take place at least annually. The Nomination and Remuneration Committee has accountability in its Charter to oversee these reviews and report to the Board on their outcomes. DUG intends to ensure the appropriate disclosures in the remuneration report are made in relation to each reporting period as to the performance evaluations that were undertaken and the process that was followed.</p>
<b>Principle 2 - Structure of the Board to be effective and add value</b>		
2.1	Yes	<p>The Board has formed a Nomination and Remuneration Committee. The Charter for this Committee is available on DUG's website. Membership of the Nomination and Remuneration Committee is the Independent Chairman, Mr. Martin, two Non-Executive Directors, Mr. Malone and Mr. Sciarriano, and with the Managing Director, Dr Lamont, as a standing observer.</p>
2.2	Yes	<p>In establishing the Board, regard was had to the skills and expertise required of the Directors relevant to the DUG's business and proposed application for Official Quotation. Directors with the desired skills and expertise were carefully selected for appointment to the Board.</p>
2.3 and 2.4	No	<p>The Board Charter sets out the criteria adopted by the Board for considering if a Director is independent. The Board is comprised of eight members, three of whom are independent. DUG has considered the recommendation of having a majority of the Board as Independent Directors. However, the Board considers DUG's immediate requirements as it transitions to an ASX-listed company and is satisfied that the composition of the Board reflects an appropriate range of independence and skill and experience in the period following Completion on the ASX. Together, the Directors have a broad range of experience, expertise, skills, qualifications and contacts relevant to the business of DUG.</p>
2.5	Yes	<p>The Board Charter provides that, where practical, the Chair of the Board should be an independent Director and should not hold the role of CEO (or equivalent). The Chairperson of DUG is an independent Director and is not the Managing Director.</p>
2.6	Yes	<p>In accordance with DUG's Board Charter, the Nomination and Remuneration Committee is responsible for the approval and review of induction and continuing professional development programs and procedures for Directors to ensure that they can effectively discharge their responsibilities. The Company Secretary is responsible for facilitating inductions and professional development in laws, regulations and accounting standards relevant to DUG.</p>

Recommendations (4th edition)	Comply	Explanation
<b>Principle 3 - Instil a culture of acting lawfully, ethically and responsibility</b>		
3.1	Yes	DUG'S core values are: Integrity, boldness, innovation, respect, and being a fun and challenging place to work. These values underpin DUG's business and corporate governance. DUG will also ensure its values are disclosed on its website and in annual reports to Shareholders.
3.2	Yes	The Board has adopted a Code of Conduct applicable to all Directors, senior executives and employees, a copy of which is disclosed on DUG's website. Any material breaches of the Code of Conduct are reported to the Board or a committee of the Board.
3.3	Yes	DUG has adopted a Whistleblower Policy which is available on DUG's website. Any material breaches of the Whistleblower Policy are to be reported to the Board or a committee of the Board.
3.4	Yes	DUG has adopted an Anti-Bribery and Corruption Policy which is available on DUG's website. Any material breaches of the Anti-Bribery and Corruption Policy are to be reported to the Board or a committee of the Board.
<b>Principle 4 - Safeguard the integrity of corporate reports</b>		
4.1	Yes	The Board has established an Audit and Risk Management Committee. This Committee is comprised of only Non-Executive Directors, being Independent Chair of the Committee, Mr. Puzey, Mr. Sciarrone and Mr. Malone, with DUG Chairperson, Hon. Mr. Martin, and Executive Director, Ms. Bower as standing observers.  A copy of the audit and risk committee's charter is on DUG's website.
4.2	Yes	Ms Bower, the CFO and Executive Director, has been heavily involved in the preparation and maintenance of DUG's financial statements.
4.3	Yes	DUG will 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.
<b>Principle 5 - Make timely and balanced disclosure</b>		
5.1	Yes	The Board has established a written Continuous Disclosure Policy to ensure compliance with ASX Listing Rule 3.1 disclosure requirements and to ensure accountability for compliance. Each Board meeting considers whether any continuous disclosure issues arose during the course of the meeting. The Continuous Disclosure Policy is on DUG's website.
5.2	Yes	DUG will ensure that its Board receives copies of all the material market announcements promptly after they have been made.
5.3	Yes	It is the intention of DUG that in the event that DUG gives a new and substantive investor or analyst presentation, DUG will release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.
<b>Principle 6 - Respect the rights of Shareholders</b>		
6.1	Yes	DUG has established a website which provides information on DUG's business, Directors and executives (including photographs and bios), and other information relevant to its investors. The website also has a separate corporate governance area, which provides details of all DUG's corporate governance policies, its constitution and summary of values. The website also acts as a key communication tool between DUG and its Shareholders, enabling Shareholders to access DUG's ASX announcements.

Recommendations (4th edition)	Comply	Explanation
6.2	Yes	<p>The Board recognises the importance of having an investor relations program which facilitates two-way communication and as such intends to have transparent and open engagement with both retail and institutional investors and other relevant stakeholders. This will include engaging with Shareholders at Annual General Meeting's and meeting with Shareholders or other stakeholders on request.</p> <p>DUG is also considering implementing a formal investor relations program.</p>
6.3	Yes	<p>The Board has adopted a Communications Policy and will provide Shareholders with opportunities to have questions addressed at Shareholder meetings, irrespective of whether the Shareholder is able to attend. A copy of the Communications Policy is on DUG's website.</p>
6.4	Yes	<p>DUG will ensure that all substantive resolutions (as opposed to procedural resolutions) at Shareholder meetings are decided by a poll rather than a show of hands.</p>
6.5	Yes	<p>All Shareholders will be able to communicate with DUG and its Share Registry electronically, which is an encouraged method of communication.</p>
<b>Principle 7 - Recognise and manage risk</b>		
7.1	Yes	<p>The Board has established a combined Audit and Risk Committee to oversee risk management, including monitoring DUG's performance against its risk management framework and managing internal audits and based on audits or investigations making recommendations to the Board. A copy of the Audit and Risk Management Committee's charter is on DUG's website.</p>
7.2	Yes	<p>The Board has a risk management framework and has appointed the Audit and Risk Committee to assist it with discharging its oversight function in respect of its material business risks and to determine if the system of risk management is sound and that DUG is operating with due regard to the risk appetite set out by the Board. Outcomes of those reviews will be reported in future corporate governance statement annually.</p>
7.3	Yes	<p>The Audit and Risk Committee Charter provides for the Audit and Risk Committee to monitor and periodically review the need for an internal audit function, as well as assessing the performance and objectivity of any internal audit procedures that may be in place.</p>
7.4	Yes	<p>The Board expects a report on the risk management framework in the first financial year after its listing on the ASX and has requested that management address economic, conduct risk, digital disruption, cyber-security, privacy and data breaches and environmental and sustainability risks. The outcome of that review will be reported in future annual reports.</p>
<b>Principle 8 - Remunerate fairly and responsibly</b>		
8.1	Yes	<p>The Board has formed a combined Nomination and Remuneration Committee. A copy of the charter for the Nomination and Remuneration Committee is available on DUG's website.</p>
8.2	Yes	<p>The Board has adopted a Remuneration Policy for Executive and Non-Executive Directors which is contained on its website and amongst other things describes the roles of Executive and Non-Executive directors and other senior executives and considerations for deciding remuneration of Directors, including the granting of equity incentives.</p>