

# Statement of Corporate Governance

**As at: 29 September 2021**

**Indoor Skydive Australia Group Limited**  
ACN 154 103 607



## Corporate Governance Statement

The Board of Indoor Skydive Australia Group Limited (ISA Group) is committed to corporate governance to help ensure the future sustainability of the organisation and to create long term value for its shareholders.

The Board has adopted a corporate governance framework designed to promote responsible management and to assist the Board to discharge its corporate governance responsibilities on behalf of ISA Group's shareholders.

ISA Group regularly reviews its policies and charters to ensure they remain consistent with the Board's objectives, current laws and best practice. The policies and charters referred on in this statement are available from the Corporate Governance section of the ISA Group website (<http://www.indoorskydiveaustralia.com.au/skydivecompany/charters-and-policies/>).

This Corporate Governance Statement of Indoor Skydive Australia Group Limited (**ISA Group**) has been prepared in accordance with the 3<sup>rd</sup> edition of the ASX Corporate Governance Council's Corporate Governance Principals and Recommendations (**ASX Recommendations**). It has been approved by the Board and is current as at 28 September 2021.

The ASX Recommendations and whether ISA Group has adopted that recommendation is set out below. More detailed information, including the reasons why some ASX Recommendations have not been adopted and the corporate governance practices ISA Group has implemented, follows the table.

### PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Recommendation	ISA Group's Compliance with the Recommendation
1.1 Roles and responsibilities of Board and Management	Adopted
1.2 Process of checking and providing information concerning director candidates	Adopted
1.3 Written agreements of appointment with each director and senior executive	Adopted
1.4 Company Secretary accountable to the Board, through the Chair	Adopted
1.5 Diversity Policy	Not adopted: explanation provided
1.6 Periodic review of Board and director performance	Adopted
1.7 Periodic review of senior executive performance	Adopted

### PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE

Recommendation	ISA Group's Compliance with the Recommendation
2.1 Nominations Committee	Not adopted: explanation provided
2.2 Board skills matrix	Adopted

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Recommendation	ISA Group's Compliance with the Recommendation
2.3 Disclose independence and length of service of Directors	Adopted
2.4 Majority of Directors independent	Not adopted: explanation provided
2.5 Independent Chair who is different to the CEO	Not adopted: explanation provided
2.6 Program for the induction and professional development of Directors	Adopted

### PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY

Recommendation	ISA Group's Compliance with the Recommendation
3.1 Code of Conduct for directors, senior executives and employees	Not adopted: contained in Code of Conduct

### PRINCIPLE 4 – SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

Recommendation	ISA Group's Compliance with the Recommendation
4.1 Audit Committee	Not adopted: explanation provided
4.2 CEO and CFO Certification of Financial Statements	Adopted
4.3 External Auditor at AGM	Adopted

### PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE

Recommendation	ISA Group's Compliance with the Recommendation
5.1 Policy for Continuous Disclosure	Adopted

### PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS

Recommendation	ISA Group's Compliance with the Recommendation
6.1 Information on website	Adopted
6.2 Investor Relations Program	Adopted
6.3 Facilitate participation at meetings of security holders	Adopted
6.4 Facilitate electronic communications	Adopted

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### PRINCIPLE 7 – RECOGNISE AND MANAGE RISK

Recommendation	ISA Group's Compliance with the Recommendation
7.1 Risk Committee	Not adopted: explanation provided
7.2 Annual review of risk management framework	Adopted
7.3 Internal audit processes	Adopted
7.4 Disclosure of sustainability risks	Adopted

### PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY

Recommendation	ISA Group's Compliance with the Recommendation
8.1 Remuneration Committee	Not adopted: explanation provided
8.2 Disclosure of Executive and Non-Executive Director Remuneration policy	Adopted
8.3 Policy on hedging equity incentive securities	Adopted

### PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

#### 1.1 The Board

The ISA Group Board of Directors (**Board**) is responsible for protecting the interests of shareholders and for the performance, operation and business of ISA Group. The Board's principle role is to provide leadership and guidance to ISA Group as opposed to managing it. The Board represents the interests of shareholders and collectively oversees and appraises ISA Group's strategies, policies and performance.

The Board is responsible for oversight of ISA Group including:

- Driving, monitoring and approving the strategic direction of ISA Group
- Approving significant corporate initiatives and transactions
- Setting ISA Group's risk appetite and monitoring the ISA Group risk management framework
- Monitoring and evaluating the Board's processes and performance as a whole
- Overseeing the integrity of ISA Group's accounting and reporting systems including the external audit process
- Evaluating, reviewing and monitoring senior management's performance and related remuneration practices.

Day to day management of the business of ISA Group has been delegated to management.

ISA Group has formalised the respective roles and responsibilities of the Board and management in a Board Charter. A copy of the Board Charter is available in the Corporate Governance section of ISA Group's website.

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### 1.2 The CEO

The Board has delegated to the CEO responsibility for the overall management and performance of ISA Group including the day to day operations. The roles of Chairman and CEO are separate and not exercised by the same individual.

The CEO is responsible for implementing strategic objectives, plans and budgets approved by the Board. Management is accountable to the Board and is required to provide the Board with information in a form, timeframe and of a quality to support effective decision making. Management of ISA Group must be undertaken in accordance with ISA Group's Delegation of Authority and the risk management framework approved by the Board.

### 1.3 Appointment of Directors

The Board carefully considers the skills it requires to competently discharge its duties, taking into account ISA Group's performance, financial position and strategic direction. This assessment also includes consideration of the specific knowledge, skills and expertise that directors must possess.

The Board assesses candidates for appointment to the Board when it considers that the Board would benefit from the services of a new director. Particular attention is given to the mix of skills, experience and expertise of existing directors and how a new candidates skill's, experience and expertise will contribute to the Board as a whole. Appropriate independent checks are undertaken for all nominated candidates before they are nominated.

Any director appointed during the year must stand for election at the next annual general meeting. The notice of annual general meeting provides the appointment date, details of the individuals skills, experience and expertise as well as any other listed directorships when the election or re-election of a director is considered. All material information obtained by ISA Group through its nomination process is presented to shareholders to assist in determining whether to appoint a particular director.

All directors other than the Chief Executive Officer are required to retire by rotation and must submit to re-election by shareholders at least every 3 years.

### 1.4 Written Appointments

All non-executive directors are provided with a letter of appointment setting out ISA Group's expectations, the director's responsibilities and rights and the terms and conditions of their tenure. All executive directors and senior managers have entered into an executive services agreement setting out the rights and obligations of the individual and ISA Group.

### 1.5 Company Secretary

The Company Secretary has an important role in supporting the effectiveness of the Board by monitoring compliance with Board policies and procedures. The Company Secretary is accountable directly to the Board, through the Chairman. All directors have unfettered access to the Company Secretary. The Company Secretary is responsible for coordination of all Board business, including agendas, Board papers and minutes.

### 1.6 Diversity

ISA Group's approach to maintaining an inclusive, diverse and collaborative workplace culture is to determine all appointments and performance reviews solely on merit. ISA Group employee's have a wide range of backgrounds, education and life experiences and are supported by ISA Group's approach to flexible working arrangements, commitments to equality and value of merit.

Given ISA Group's stage of development and its size, the Board does not consider it appropriate to set measurable objectives based on gender.

At 30 June 2021, the proportion of women employed by ISA Group was as follows:

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Non-executive directors	0%
Leadership roles	41%
Total ISA Group workforce	56%

The Leadership roles reflect a combination of operational, functional and strategic leadership roles, including managerial roles from shift managers at the indoor skydiving facilities through to the CEO.

### 1.7 Board Performance Evaluation

The Board recognises that regular reviews of its effectiveness and performance are key to good corporate governance. A formal review of the Board's performance, including the performance of individual directors, is undertaken at appropriate times against the strategic objectives of the company.

The formal reviews of the Board performance are supplemented by informal appraisals which consider the Board's performance, composition, size and succession plans.

### 1.8 Senior Executive Performance Evaluation

All senior management undergo a performance and development review on an annual basis. The process involves:

- An assessment of each senior manager by their manager against a set of key criteria which measure the individuals performance across a range of competencies
- A meeting at the end of each financial year with their manager to discuss their performance over the past year and to assess their progression against an agreed goal and development plan.
- The setting of an agreed goal and development plan for the upcoming year.

The Board is responsible for setting all targets and objectives for senior management which are linked to incentive programs.

### PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE

The Board has determined that, taking into account the size of the Board, nomination matters should be referred to the full Board for consideration. Following that decision, the Board as a whole considers the composition of the Board, the appointment of new directors and identifies and considers suitable candidates as they arise. The consideration is undertaken in accordance with the nomination related sections of the Nomination & Remuneration Committee Charter, a copy of which is available on the ISA Group website.

In keeping with the overall size of the Company, ISA Group seeks to maintain a small board comprised of individuals with a broad range of experience and expertise which will assist the Company in achieving its strategic goals.

Together, the Directors contribute the following key skills and experience:

- experience in dealing with high levels of government including the defence force;
- experience in strategic leadership;
- high level of business acumen including entrepreneurial experience;
- understanding of access to capital and debt markets including the ability to analyse the comparative cost of capital;
- financial skills and literacy;
- international entertainment experiences including wind tunnel and freefall qualifications;
- experience with specialised vertical wind tunnel technology and operating systems;

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- understanding of diverse operating environments and models including international operations.

The Board considers that collectively the Directors have the range of skills, knowledge and experience necessary to direct the Company.

Details concerning each director's appointment and independence throughout FY2021 is as follows:

Director	Date of Appointment	Position	Independence States
Steve Baxter*	13 August 2012	Non-Executive Chairman	Not independent
Danny Hogan**	4 November 2011	Non-Executive Director	Not Independent
Wayne Jones	4 November 2011	Executive	Not Independent
Kim Hopwood	26 May 2021	Executive	Not Independent

\* Appointed Chairman 15 July 2019, \*\*stood down from executive to non-executive on 1 December 2019

The skills, experience and expertise of each director is detailed in the Directors' Report of the 2021 ISA Group Annual Report.

The Board has adopted a process and policy for managing conflicts of interest and duties. Directors are required to disclose all their interest on an ongoing basis as well as in relation to any specific transactions. Where the Board is required to approve a transaction or arrangement with an organisation that a director has an interest in, the relevant director is excluded from all consideration, discussion and voting on the conflicted transaction or arrangement.

ISA Group does not have a majority of independent directors and does not comply with Recommendation 2.4. The Board believes that, given the size of ISA Group, the nature of its operations and the ability of all incumbent directors to bring independent judgement to bear in Board deliberations, the current Board composition is appropriate.

ISA Group's Chairman, Steve Baxter, is not independent however there is a clear division of responsibilities between the chairman and the chief executive officer. As part of the current phase of the ISA Group strategy, the company is focused on the reduction of overheads whilst maintaining and implementing the appropriate level of corporate governance practices at board level.

Each director has the right to access all relevant information and, subject to informing the Chairman, may seek independent professional advice in relation to them in carrying out their responsibilities at ISA Group's expense. Where appropriate, a copy of this advice is made available to all other members of the Board.

New directors participate in an induction program co-ordinated by the Company Secretary to enable them to actively participate in decision-making from their appointment. The induction process includes a detailed briefing of the Company's strategic, financial, operational and risk management issues; meeting with all members of the senior management team and the Board; and receipt of all relevant policies, charters and procedures including the Constitution and Code of Conduct.

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Directors may also participate in appropriate professional development to assist in the fulfilment of their duties.

### PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY

ISA Group is committed to the highest level of integrity and ethical standards in its business practices. All ISA Group employees, directors and contractors must comply with the ISA Group Code of Conduct (Code). The Code applies to all business activities and dealings with employees, customers, suppliers, shareholders and other external stakeholders. The Code outlines how ISA Group expects its directors and employees to behave and conduct business in a range of circumstances including anti-bribery, corruption, and actual or potential conflicts of interests.

A copy of the Code of Conduct is available on the ISA Group website.

### PRINCIPLE 4 – SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

#### 4.1 Audit Committee

The ISA Group Board has determined that taking into account the size of the Company and the relative lack of complexity in its financial affairs, that audit matters should be dealt with directly by the Board. Accordingly, ISA Group does not comply with Recommendation 4.1 at the date of this Statement.

The ISA Group Board is responsible for reviewing the adequacy of the Company's reporting processes, assessing ISA Group's financial statements, considering the appropriateness of the accounting judgments applied by management and approving all matters relating to the auditor and the provision of services by the auditor. These matters are considered in accordance with the Audit & Risk Committee Charter which is available on the ISA Group website.

The external auditor meets with the Board when the full and half year accounts are considered. As part of that meeting, the external auditor meets with the non-executive directors without management being present.

#### 4.2 CEO and CFO Declarations

In connection with the financial statements for the year ended 30 June 2021, the CEO and CFO made declarations to the Board to the following effect, that:

- In their opinion, the financial records of ISA Group have been properly maintained;
- In their opinion, ISA Group's financial statements and notes for the financial year comply with appropriate accounting standards and give a true and fair view of the financial position and the performance of ISA Group; and
- That the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

#### 4.3 External Auditor Attendance at AGM

The external auditor, Felsers Chartered Accountants trading as Accru Felsers, will attend the AGM and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the Auditor's report.

### PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE

ISA Group has a Continuous Disclosure Policy which reinforces its commitment to continuous disclosure, as well as setting out employee's responsibilities regarding inside information. The Continuous Disclosure Policy includes processes outlining how information is released to the public. A copy of the Continuous Disclosure Policy is available on the ISA Group website.



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ISA Group is committed to timely, factual and balanced disclosure to ensure investors are informed of all material developments for the Group. Announcements are prepared to ensure they do not omit material information and are expressed in a clear and objective manner to allow investors to assess the impact of information when they make investment decisions.

All material, price sensitive announcements are subject to an approval process before they are released to the ASX.

In accordance with the Continuous Disclosure Policy, ISA Group is committed to ensuring that all investors have equal access to information on our financial performance. All investor and media material released on the ASX is posted on the ISA Group website including:

- Annual and interim reports;
- Investor and media releases and presentations of half year and full year results;
- Notices of general meetings including explanatory material;
- All addresses given to the AGM; and
- All other information released to the market.

### PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS

#### 6.1 Information and Governance

ISA Group maintains a comprehensive website at [www.indoorskydiveaustralia.com.au](http://www.indoorskydiveaustralia.com.au) to provide shareholders with information about ISA Group including our corporate governance policies. The website also contains biographies for our Board and senior managers.

The website has a separate section for investors which provides share price history, links to public announcements and annual reports. Shareholders are also able to access a link to the registry which provides electronic access to details of their holdings and allows shareholders to update information and preferences.

ISA Group has adopted a Communications Policy which together with the Continuous Disclosure Policy sets out how ISA Group will keep all shareholders and potential shareholders up to date about the affairs of ISA Group.

#### 6.2 Investor Relations Program

As set out in ISA Group's Communications Policy (available from the ISA Group website) ISA Group aims to ensure that shareholders are kept informed of all major developments affecting ISA Group's business. ISA Group aims to promote communication with shareholders and to encourage participation at general meetings. In addition, ISA Group recognises that potential investors and other interested stakeholders may wish to obtain information about ISA Group.

ISA Group communicates information to shareholders and other stakeholders through a range of forums and publications. The ISA Group website is a key communication tool. At all times ISA Group adheres to its continuous disclosure obligations and its Continuous Disclosure Policy requires that it does not selectively disclose material price sensitive information to an external party unless that information has been first released to the ASX.

#### 6.3 Participation at General Meetings

Shareholders are encouraged to attend the AGM and ask questions of the Board. ISA Group endeavours to provide notices for general meetings and other communications that are honest, accurate, informative and easily understood. All AGM material is made available on the ASX and ISA Group website for those unable to attend.

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### 6.4 Electronic Communications

ISA Group encourages shareholders to embrace the benefits of electronic communications. ISA Group's share registry provides an app and interactive website to enable shareholders to maintain their details, review holdings, set preferences and lodge proxies electronically. Shareholders can also elect to receive electronic notification of certain communications.

## PRINCIPLE 7 – RECOGNISE AND MANAGE RISK

### 7.1 Risk Committee

ISA Group recognises risk management as an integral component of good corporate governance and fundamental to achieving strategic and operational objectives. The ISA Group Board is directly responsible for overseeing risk management in accordance with the Audit & Risk Committee Charter. ISA Group does not convene a separate committee for this function and does not comply with Corporate Governance Principle 7.1.

ISA Group has adopted a risk management framework which provides risk management processes based on risk identification, risk evaluation, risk treatment/mitigation and risk monitoring and reporting. ISA Group is exposed to a variety of economic and commercial risks which are captured and managed through this process.

The senior management team are responsible for identifying, evaluating and implementing risk management as part of the day to day operations. The Board sets ISA Group's risk appetite, oversees the risk management framework and reviews and evaluates the reporting under the framework.

### 7.2 Risk Management Framework Review

ISA Group's risk management framework is reviewed at least annually to confirm that in the Board's opinion it continues to be sound, to identify any new or changed risks and to confirm the risk appetite. A review of each risk, any emerging risk or the reduction of a risk is also undertaken and implemented into the risk management framework. Such a review occurred during the reporting period. Economic, environment and social sustainability risks are considered as part of this process.

### 7.3 Internal Audit Function

The Board is satisfied that ISA Group's systematic process of continual review and improved risk management is appropriate given the Company's operations and size and that an internal audit function is not necessary at this time.

### 7.4 Economic, Environment and Social Sustainability Risk

At least once each year ISA Group undertakes an assessment process to identify and characterise risks. The results of this process are captured in the risk management framework and material risks are then monitored, mitigated or eliminated as appropriate. Using this process ISA Group has determined that it does not have any material exposure to environmental or social sustainability risks.

## PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY

The ISA Group Board comprises a small number of non-executive directors. As such the Board considers it appropriate that the ISA Group Board be responsible for the consideration of remuneration matters in accordance with the Nomination & Remuneration Committee Charter available on the ISA Group website. ISA Group does not comply with the Corporate Governance Principle 8.1. Where appropriate external advice is obtained for the benefit of the Board in considering remuneration matters. This advice can take the form of remuneration benchmarking, remuneration consultancy, tax or financial consultancy services.

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ISA Group's policy is to remunerate non-executive directors at a fixed fee for time, commitment and responsibilities. Non-executive directors are not entitled to performance based remuneration. The maximum aggregate fees that can be paid to non-executive directors is set by shareholders. There are no termination or retirement benefits for non-executive directors.

Executive remuneration consists of a fixed base salary and performance incentives. Performance incentives are based on pre-determined short and long term targets which are set taking into account the Company's strategic plan and goals.

Details of ISA Group's policies and practices regarding the remuneration of non-executive directors the executive directors and other senior executives is set out in the Remuneration Report in the ISA Group 2021 Annual Report.

Holders of any ISA Group equity based incentives (e.g. options) are prohibited from entering into any hedging arrangement prior to exercising those rights. This prohibition is set out in the Securities Trading Policy and is also condition of any options issued under the ISA Group Employee Option Plan.