

IPH Limited 2021 Corporate Governance Statement

IPH Limited ACN 169 015 838



Introduction

The Board of Directors and management of IPH Limited (the **Company**) are committed to high standards of corporate governance. These standards help to ensure that the Company effectively manages risk, maintains appropriate transparency of its operations and creates and maintains value for its stakeholders and its people.

This Corporate Governance Statement reports on the corporate governance framework, practices and policies of the Company. The Company supports the intent and purpose of the 4th Edition of the ASX Corporate Governance Council's Principles and Recommendations (**ASX Principles**), which the Company has adopted and reported against in their entirety for the financial year ended 30 June 2021.

This Corporate Governance Statement is available on the Company's website at <http://www.iphltd.com.au/investor-information/>. In addition, the Company's ASX Appendix 4G, which is a checklist cross-referencing the ASX Principles to the relevant disclosures in either this Corporate Governance Statement or other noted locations, is available on our website at <http://www.iphltd.com.au/investor-information/>, and has been lodged with the ASX. Information on the Company's governance framework, including many of the policies and other documents referred to in this Corporate Governance Statement, is also available on the Company's website, which is updated regularly.

This Corporate Governance Statement is current as at 13 August 2021 and has been approved by the Board.

Principle 1: Lay solid foundations for management and oversight

Recommendation 1.1 Adopted

The Company has a Board Charter which sets out the responsibilities and functions of the Board and the Managing Director, and specifies those matters reserved to the Board. The Charter also specifies the requirements of directors in performing their duties, the responsibilities of the Chairman, and provides guidelines for directors on independence, access to information, independent advice and continuing development. The Charter is available on our website at <http://www.iphltd.com.au/investor-information/>. The Charter was updated in July 2020 to reflect the 4th Edition of the ASX Principles.

The number of times the Board met during the 2021 financial year is disclosed in the Directors' Report dated 19 August 2021 (**Directors' Report**). In addition to formal Board and Board Committee meetings throughout the financial year ended 30 June 2021, members of the Board spent time with senior executives and other management personnel of the Company and engaged with other key stakeholders.



Recommendation 1.2 Adopted

Before each current Non-Executive Director was appointed as a director of the Company, the Company undertook appropriate checks as to each individual's character, experience, qualifications and relevant interests. More specifically, as part of the initial public offering process in November 2014, each of the Non-Executive Directors standing for election at that time was screened for matters of character, experience, education, criminal record and bankruptcy history. For the purpose of the appointment of the most recent Non-Executive Director, Jingmin Qian, during the 2019 financial year, a similar screening process occurred. Such screening will be a part of the appointment process for future new Non-Executive Directors.

In addition, information to enable shareholders to make an informed decision is provided with respect to all Non-Executive Directors standing for election or re-election as a director.

Recommendation 1.3 Adopted

Each director and senior executive has a written agreement with the Company on the terms of their appointment, including specifying their duties, remuneration and other entitlements, requirement to comply with Company policies, and arrangements with respect to insurance.

The remuneration arrangements for the Non-Executive Directors and Key Management Personnel, and the material terms of the employment agreements with the Managing Director and the Key Management Personnel are set out in the Remuneration Report, which is part of the Directors' Report.

Recommendation 1.4 Adopted

The Company Secretary is accountable to the Board, through the Chairman, and is responsible for supporting the Board and its Committees on matters of governance, including the preparation of meeting papers and meeting minutes.

Recommendation 1.5 Adopted

The Company has a Diversity Policy, which is available on our website at <http://www.iphltd.com.au/investor-information/>. The Diversity Policy was updated in July 2020.

The Company recognises that embracing diversity contributes to the Company achieving its corporate objectives, enhances its reputation and enables the Company to:

- broaden opportunities to recruit the right people from a diverse pool of talented individuals;
- create an inclusive workplace culture that embraces diversity and promotes creativity and innovation; and
- better represent the diversity of the Company's stakeholders.

The representation of women within the Company as at 30 June 2021 is shown in **Table A**.



Table A - Representation of Women

	Women	Men
Board Directors	40%	60%
Senior executive ¹ & Principal roles	33%	67%
Across the Company	68%	32%

In order to strengthen gender diversity, the Board has adopted as a measurable objective a target for representation for directors, senior executives and principals for the 2022 financial year as set out in **Table B**.

Table B - Representation of Women

	2020	2021	Target 2022
Board Directors	40%	40%	>30%
Senior executive ¹ & Principal roles	34%	33%	>30%

As can be seen in Tables A and B, the Company exceeded these targets in FY21 for both Board Directors and Senior executive and Principal roles.

In addition, each individual company within the Company's corporate group, with Australian-based employees, has submitted an annual report to the Workplace Gender Equality Agency for the reporting period from 1 April 2020 to 31 March 2021, as required under the *Workplace Gender Equality Act 2012* (Cth). In 2021, the Workplace Gender Equality Agency has extended the deadline for compliance reporting to 11 August 2021 and, as such, notices of compliance have not yet been received.

¹ A senior executive is a person who is a member of the Company's group leadership team, comprising the Company's senior executive team and leaders of the group's principal business units.

Recommendation 1.6 Adopted

The Company recognises the pivotal role that the Board has in the governance framework of the Company. Under the Board Charter, the Chairman is responsible for scheduling regular and effective evaluations of the Board's performance. An annual Board evaluation was completed in the 2021 financial year.



Recommendation 1.7 Adopted

The Company has developed its formal processes for the performance evaluation of senior executives in conjunction with the Nominations and Remuneration Committee.

For the 2021 financial year, the Committee developed and agreed key performance measures for the Chief Executive Officer having regard to the Company's strategic, financial and operational objectives for the year. The Chief Executive Officer, with oversight by the Nominations and Remuneration Committee, developed and set key performance measures for other Company senior executives and the performance of senior executives was subject to evaluation against those measures and other appropriate criteria specific to senior executives' roles and responsibilities. A formal review of the Chief Executive Officer's and each senior executive's performance occurs at least annually and was undertaken in the 2021 financial year.

Principle 2: Structure the board to be effective and add value

Recommendation 2.1 Adopted

The Board has a committee, the Nominations and Remuneration Committee, which comprises four independent Non-Executive Directors, and is chaired by a director who is not the Chairman of the Company. The Committee has responsibility for nomination matters, including board appointments, director re-elections, director induction and continuing development programs. The Nominations and Remuneration Committee Charter is available on our website at <http://www.iphltd.com.au/investor-information/>.

The members of the Nominations and Remuneration Committee, the number of times the Nominations and Remuneration Committee met during the 2021 financial year and the individual attendances of the members at those meetings is disclosed in the Directors' Report.

Recommendation 2.2 Adopted

The Board, with the assistance of the Nominations and Remuneration Committee, determines the size and composition of the Board, subject to the Company's Constitution. The Constitution provides that the number of directors is to be not less than three and not more than seven. The Board has five directors, comprising four independent Non-Executive Directors (including the Chairman) and the Managing Director. The names of the directors, the period of office held by each director, and details of their qualifications, skills and experience are set out in the Directors' Report and also on our website at <http://www.iphltd.com.au>.

The Board requires each director to demonstrate ethical behaviour, independence of mind, sound judgement, high levels of engagement, and highly developed interpersonal skills. In addition, the Company seeks to have a diverse Board which collectively has a range of skills appropriate to the operations and strategic objectives of the Company. The Board has identified a range of skills and experience of particular importance as set out in the Board skills matrix below.



As noted above, an evaluation of the Board was conducted in financial year 2021, including by assessing the Board members' individual competencies and experience against a range of skills and areas of expertise. This Board review has indicated the Board has the matrix of skills appropriate to the operations and strategic objectives of the Company, and that each director meets the fundamental requirements necessary to govern an ASX listed company with the strategic intent to be the leading intellectual property group in secondary markets.

Knowledge of corporate governance and compliance in listed entities	Intellectual property knowledge and experience
Experience in professional services businesses	Strategic capabilities and commercial acumen
Experience in businesses conducted offshore, particularly Asia	Experience on the boards of other significant listed entities
Experience in human resource management, including workplace culture, management development and succession, health and safety, diversity, and remuneration	Experience in incorporating digital into business models, and information technology as an enabler in a professional services business
Risk management understanding and experience	Experience in executive leadership
Financial management capability, including accounting or related financial management qualifications	

Recommendations 2.3, 2.4 and 2.5 Adopted

The Board has five directors, four of whom are independent Non-Executive Directors (including the Chairman). Each of the Non-Executive Directors is considered to be independent because each has the ability to exercise their duties unfettered by any business or other relationship and are willing to express their opinions free of concern about their position or the position of any third party. The Board Charter provides guidelines on independence, which is available on our website at <http://www.iphltd.com.au/investor-information/>. The names of the directors, the period of office held by each director, and details of their qualifications, skills and experience are set out in the Directors' Report and also on our website at <http://www.iphltd.com.au>.

Recommendation 2.6 Adopted

Each of the Non-Executive Directors was appropriately inducted into the Company, which supported their full and active participation as directors. All directors are expected to maintain and enhance their skills and knowledge so as to exercise their responsibilities and discharge their obligations to the Company. Directors are expected to participate in appropriate



professional development activities. The induction and professional development of directors is a responsibility of the Nominations and Remuneration Committee, which regularly assesses whether the directors as a group have the skills, knowledge and experience to deal with new and emerging business and governance issues. The Committee Charter is available on our website at <http://www.iphltd.com.au/investor-information/>.

Principle 3: Instil a culture of acting lawfully, ethically and responsibly

Recommendation 3.1 Adopted

The Company and its related entities are leaders in the delivery of intellectual property services and products and each business within the Company's corporate group is renowned for being a professional, ethical and honest business organisation.

The success of the Company's corporate group is underpinned by a number of core values, which are set out in the Company's Statement of Values adopted in July 2021, available on our website at <http://www.iphltd.com.au/investor-information/>. The values set out in the Statement of Values are inculcated across the Company's corporate group and supported by the standards and behaviours set out in the Company's Code of Ethics and Professional Conduct (see further below).

During the 2021 financial year, online training on the Company's Statement of Values was rolled out to officers and employees across the Company's corporate group.

Recommendation 3.2 Adopted

The Company has a Code of Ethics and Professional Conduct, which is available on our website at <http://www.iphltd.com.au/investor-information/>. The Code of Ethics and Professional Conduct reflects and reinforces the values which underpin the operation of the Company and its broader corporate group, which are disclosed in the Company's Statement of Values. The Code of Ethics and Professional Conduct was updated in July 2020. In addition, all professional staff are governed by codes of professional conduct for the practice of patent and trade mark attorneys and legal practitioners.

During the 2021 financial year, online training on the Company's Code of Ethics and Professional Conduct was rolled out to officers and employees across the Company's corporate group.

Under the Company's risk management framework (updated during the 2021 financial year), material breaches of the Code of Ethics and Professional Conduct should be reported to the Company's Risk Committee.

Recommendation 3.3 Adopted

The Company introduced a Whistleblower Policy in October 2019, which reflects the amended Australian whistleblowing laws passed in February 2019 and effective 1 January 2020.



The Whistleblower Policy is a practical tool for helping the Company and its related entities identify non-compliant conduct that may not be uncovered unless there is a safe and secure means for disclosing such conduct. The Policy is available on our website at <http://www.iphltd.com.au/investor-information/>.

During the 2021 financial year, online training on the Company's Whistleblower Policy was rolled out to officers and employees across the Company's corporate group.

Under the Company's risk management framework (updated during the 2021 financial year), material breaches of the Whistleblower Policy should be reported to the Company's Risk Committee.

Recommendation 3.4 Adopted

The Company introduced an updated group Anti-Bribery Policy in April 2020. This Policy provides information and guidance on the Company's position on bribery and corruption in the jurisdictions in which the Company's corporate group operates. The Policy is available on our website at <http://www.iphltd.com.au/investor-information/>.

During the 2021 financial year, online training on the Company's Anti-Bribery Policy was rolled out to officers and employees across the Company's corporate group.

Under the Company's risk management framework (updated during the 2021 financial year), material breaches of the Anti-Bribery Policy should be reported to the Company's Risk Committee.

Principle 4: Safeguard the integrity of corporate reports

Recommendation 4.1 Adopted

The Company has an Audit Committee which comprises three independent Non-Executive Directors and is chaired by a director who is not the Chairman of the Company. The Audit Committee has a Charter which is available on our website at <http://www.iphltd.com.au/investor-information/>. The Committee operates in accordance with the Charter and in a manner compliant with ASX Listing Rule 12.7. The role of the Committee includes the functions listed in Recommendation 4.1.

The names and details of qualifications and experience of each Committee member are detailed in the Directors Report and this information is also available on our website at <http://www.iphltd.com.au>. The number of times the Audit Committee met during the 2021 financial year and the individual attendances of the members at those meetings is disclosed in the Directors' Report.

The members of the Audit Committee collectively have appropriate accounting and financial expertise, and a sufficient understanding of the business and industry sector in which the Company operates, to discharge the Committee's mandate effectively.



Recommendation 4.2 Adopted

Pursuant to section 295A of the *Corporations Act 2001* (Cth) (**Corporations Act**), the Company's financial report preparation and approval process for each financial year requires the Managing Director and the Chief Financial Officer to make the following declarations to the Board that, in their opinion:

- the Company's financial records for the reporting period have been properly kept in accordance with Section 286 of the Corporations Act;
- the financial statements and associated notes comply in all material respects with the accounting standards as required by Section 296 of the Corporations Act;
- in accordance with Section 297 of the Corporations Act, the Company's financial reports and accompanying notes represent a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards; and
- these opinions have been formed on the basis of a sound system of risk management and internal control which is operating effectively in all material respects.

The Board has received these declarations in respect of the 2021 financial year.

Recommendation 4.3 Adopted

The Company has implemented processes to verify certain periodic corporate reports prepared and released during the 2020 financial year, where those reports were not subject to audit or review by an external auditor, to satisfy itself that each report was materially accurate and balanced and provided investors with appropriate information to make investment decisions. Such periodic corporate reports are drafted by staff with responsibility for, or expertise in, the subject matter and are verified, including by documenting the sources of information and consultation undertaken within the Company or with external parties.

The Board or, where appropriate, Board committees, review and approve statutory and other periodic corporate reports prior to release to the market.

Principle 5: Make timely and balanced disclosure

Recommendation 5.1 Adopted

The Company is committed to complying with its continuous disclosure obligations under ASX Listing Rule 3.1 in order to ensure that all investors have equal and timely access to material information concerning the Company. The Company has a Continuous Disclosure and Investor Relations Policy, which is available on our website at <http://www.iphltd.com.au/investor-information/>. In developing this Policy, the Company had regard to ASX Guidance Note 8 and ASIC Regulatory Guide 62.



Recommendation 5.2 Adopted

Copies of all material market announcements are provided to the Company's Board immediately after they have been made.

Recommendation 5.3 Adopted

The Company releases a copy of materials for all new and substantive investor and analyst presentations to the ASX Market Announcements Platform ahead of such presentations. These presentations include results presentations as well as presentations given at the Company's Annual General Meeting, at investor days and to broker conferences.

Principle 6: Respect the rights of security holders

Recommendation 6.1 Adopted

The Board accepts it is accountable to shareholders and acknowledges its obligations to engage with shareholders in a manner which allows them to exercise their rights as shareholders effectively. An overview of the Company's business is available on our website at <http://www.iphltd.com.au>. An Investor Information section and News and Announcements section on the website contains the Company's Board and Committee Charters, corporate policies, ASX announcements, notices to shareholders, including the notice of the Annual General Meeting, half year and full year reports, the Company's Annual Report and other periodic corporate reports such as the Company's annual Modern Slavery Statement - <http://www.iphltd.com.au/investor-information/> and <https://www.iphltd.com.au/news-announcements/>.

As noted above, the Company has a Continuous Disclosure and Investor Relations Policy, which is available on our website at <http://www.iphltd.com.au/investor-information/>.

The Company engages its share registry to manage the majority of communications with shareholders.

Recommendations 6.2 and 6.3 Adopted

The Company has an appropriate investor relations program, which includes the Annual General Meeting as the primary forum for communication between the Company and shareholders. In 2020 the Company's Annual General Meeting was conducted online due to the Covid-19 pandemic restrictions, further facilitating the attendance and participation of our shareholders and other stakeholders. In addition, the Company maintains a program of analyst and investor briefings, including via webcast for full and half year results, and a facility through our website for shareholder enquiries. The approach to investor relations is detailed in the Company's Continuous Disclosure and Investor Relations Policy, which is available on our website at <http://www.iphltd.com.au/investor-information/>. The Company also engages with a broad range of other stakeholders, including interactions with proxy advisers, professional bodies and government.



Recommendation 6.4 Adopted

The Company ensures that all substantive resolutions at meetings of security holders are decided by a poll rather than by a show of hands.

Recommendation 6.5 Adopted

All shareholders have the option to receive communications from, and send communications to, the Company and the Company's share registry electronically, in addition to postal and facsimile communications.

Principle 7: Recognise and manage risks

Recommendation 7.1 Adopted

The Company recognises that a sound risk management framework is critical for effective management of the Company. An effective risk management system identifies and manages potential risks in a continuous, proactive and systematic way through an integrated application of high quality risk management policies and processes to all facets of our business by all levels of management.

The Company has established a Risk Committee which comprises three independent Non-Executive Directors and is chaired by a director who is not the Chairman of the Company. The Risk Committee's Charter was updated during the 2021 financial year period as part of the updated risk management framework and is available on our website at <http://www.iphltd.com.au/investor-information/>.

The Risk Committee operates in accordance with the Charter and the role of the Committee includes the functions listed in Recommendation 7.1.

The names and details of qualifications and experience of each Committee member are detailed in the Directors' Report and this information is also available on our website at www.iphltd.com.au. The number of times the Risk Committee met during the 2021 financial year and the individual attendances of the members at those meetings is disclosed in the Directors' Report.

Recommendation 7.2 Adopted

During the 2021 financial year, the Company completed an internal audit of its risk management framework with the support of external providers and reviewed and updated its risk management framework, including updates to its key risk management framework documents. The Company's revised Risk Management Policy is available on our website at <http://www.iphltd.com.au/investor-information/>.

The revised risk management framework is being progressively implemented across the Company's corporate group, and:

- recognises risk management as a business process that is owned by all management;



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- requires integration into key business processes, including risk based decisions in strategy, business planning and investment setting; and
 - incorporates a process for ongoing review and improvement.

The updated risk management framework incorporates relevant regulations and guidelines including the ASX Principles and the Australian standard AS/ISO 31000:2018 *Risk management – Guidelines*.

In addition to the detailed review conducted in financial year 2021, and the regular reports on financial, operational and compliance risks, the Board will continue to review the Company's risk management framework annually to satisfy itself that the framework continues to be sound and that the Company continues to operate with due regard to the risk appetite set by the Board.

Recommendation 7.3 Adopted

In the 2021 financial year, the Company implemented an internal audit function. The internal audit function is resourced with external assistance by KPMG. Whilst it is expected internal audit and external audit will work together, they are separate functions. The Company's external audit firm, Deloitte, does not provide internal audit services to the Company.

Internal audit assists the Board and management to coordinate the broader assurance program and deliver an audit programme for key areas to provide additional comfort around significant risks, processes, systems and regulatory requirements where assurance is determined to be a priority for that period.

Internal audit coverage is determined using a structured approach. The Audit Committee determines the internal audit scope and budget on recommendation from management and internal audit and it, the Board and management will receive reports from internal audit on those areas subject to internal audit review. The Audit Committee approved an internal audit plan for the 2021 financial year period, which included a review of the Company's Risk Management Framework and a review of the Company's cyber-security position, the outcomes of which were considered by the Board's Audit Committee. The recommendations of the internal audit review are being implemented by the Company. The Audit Committee has approved an internal audit plan for the 2022 financial year.

Recommendation 7.4 Adopted

Throughout the 2021 financial year, the Company took steps to identify, assess and manage risks in accordance with its risk management framework. The Company's risk review and assessment processes include consideration of the Company's exposure to material environmental and social risks.



The Operating and Financial Review (OFR) section of the Directors' Report, contained within the Company's 2021 Annual Report, includes a summary of the material risks faced by the Company which may have an impact on the Company's ability to achieve its operational, financial and strategic targets. With respect to environmental risks and, particularly, climate change, the Company has not identified material exposure to climate change risk, including by having regard to the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) and noting that the corporate group conducts low energy intensive business activities, is a relatively low emitter of greenhouse gas emissions compared to other businesses and other industries, and is not materially exposed to industries or regulatory frameworks likely to be materially exposed to climate change risks.

The Company will continue to have in place strong corporate governance practices and procedures, which include oversight of climate-related risks and opportunities. Whilst the Company presently considers that the actual and potential impacts of climate-related risks on the Company's businesses, strategy and financial planning activities are not material exposures, it will continue to monitor such risk closely.

The Company has also prepared a Sustainability Report for the 2021 financial year, which is available on our website at www.iphltd.com.au. The Company's Sustainability Report provides more detail on the material risks and opportunities for the Company and its corporate group that have economic, environmental and social impacts (or comprise environmental and social risks) and therefore influence the assessments and decisions of the Company's stakeholders.

Principle 8: Remunerate fairly and responsibly

Recommendation 8.1 Adopted

The Company has a Nominations and Remuneration Committee which comprises four independent Non-Executive Directors and is chaired by a director who is not the Chairman of the Company. The Committee has a Charter which is available on our website at <http://www.iphltd.com.au/investor-information/>. The Committee operates in accordance with the Charter, and in a manner compliant with ASX Listing Rule 12.8. The role of the Committee includes the functions listed in Recommendation 8.1.

The names and details of qualifications and experience of each Committee member are detailed in the Directors' Report and are also available on our website at www.iphltd.com.au. The number of times the Committee met during the 2021 financial year and the individual attendances of the members at those meetings are disclosed in the Directors' Report.

The members of the Committee collectively have appropriate skills, and a sufficient understanding of the business and industry sector in which the Company operates, to discharge the Committee's mandate effectively.



Recommendation 8.2 Adopted

The Company discloses its policies and practices regarding the remuneration of Non-Executive Directors and the remuneration of the Managing Director and other Key Management Personnel in the Company's Remuneration Report, which is part of the Directors' Report. The Company's disclosure is in accordance with section 300A of the Corporations Act and is subject to an advisory vote by shareholders.

Recommendation 8.3 Adopted

The Company has a Hedging and Margin Loan Policy which is available on our website at <http://www.iphltd.com.au/investor-information/>. This Policy, which complies with section 206J of the Corporations Act, prohibits directors, executives, the Company Secretary, and any person who is entitled to receive equity performance rights and / or options as part of any Company equity incentive scheme, from entering into any hedging arrangements, and prohibits entry into margin lending arrangements without the Company's consent.





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