



COSMOS  
CAPITAL

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# Cosmos Capital

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Corporate Governance  
Statement FY2019

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[cosmoscapital.io](http://cosmoscapital.io)

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# Corporate Governance Statement FY2019

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## 1. Introduction

The board of directors (**Board**) of Cosmos Capital Limited (**Cosmos** or the **Company**) are committed to a high standard of corporate governance, and is responsible for establishing, maintaining and monitoring the corporate governance framework of the Company.

The Board has benchmarked its practices against the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th Edition 2019) (**ASX CGC Principles**) as applicable to the current structure of the Company. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

This governance statement (**Governance Statement**) summarises the Company's corporate governance practices for the year ended 31 December 2019, unless stated otherwise. The Governance Statement is current as at 31 January 2020 and has been approved by the Board.

This Governance Statement and the key governance documents are available on the Company's website at:  
[www.cosmoscapital.io/corporategovernance](http://www.cosmoscapital.io/corporategovernance)

## 2. Corporate Values

Cosmos's values are the guiding principles and norms that define what type of organisation Cosmos aspires to be and what Cosmos requires from its directors, senior executives and employees to achieve that aspiration.

These values create a link between our purpose and our strategic goals by expressing the standards and behaviours Cosmos expects from its directors, senior executives and employees to fulfil our purpose and meet our goals. The Company's core values are as follows:

Act honestly, ethically  
and responsibly in all  
our dealings

Always provide a  
safe workplace and  
continually invest in  
the full potential of  
our team

Strive to meet  
the expectations  
of our shareholders  
and stakeholders

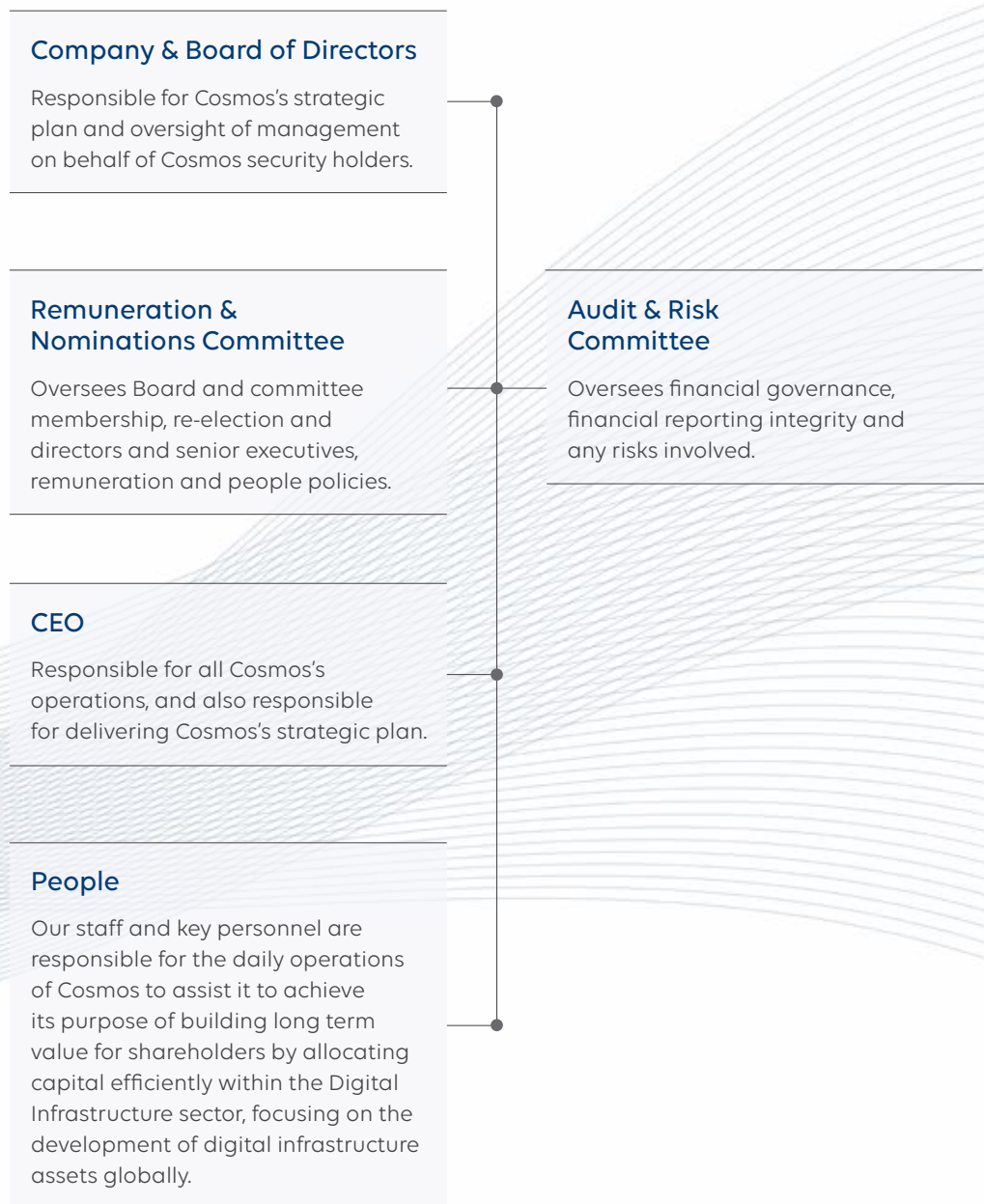


### 3. The Board

#### 3.1. Role of the Board

The Board is accountable to the Company's shareholders for the performance of Cosmos. To fulfil this role, the Board is responsible for the overall corporate governance of the Company including setting, evaluating and approving the strategy of the Company, approving and monitoring capital expenditure, setting remuneration, appointing, removing and creating succession policies for directors and senior executives, establishing and monitoring the achievement of management goals and assessing the integrity of internal control and management information systems. It is also responsible for approving and monitoring financial and other reporting obligations.

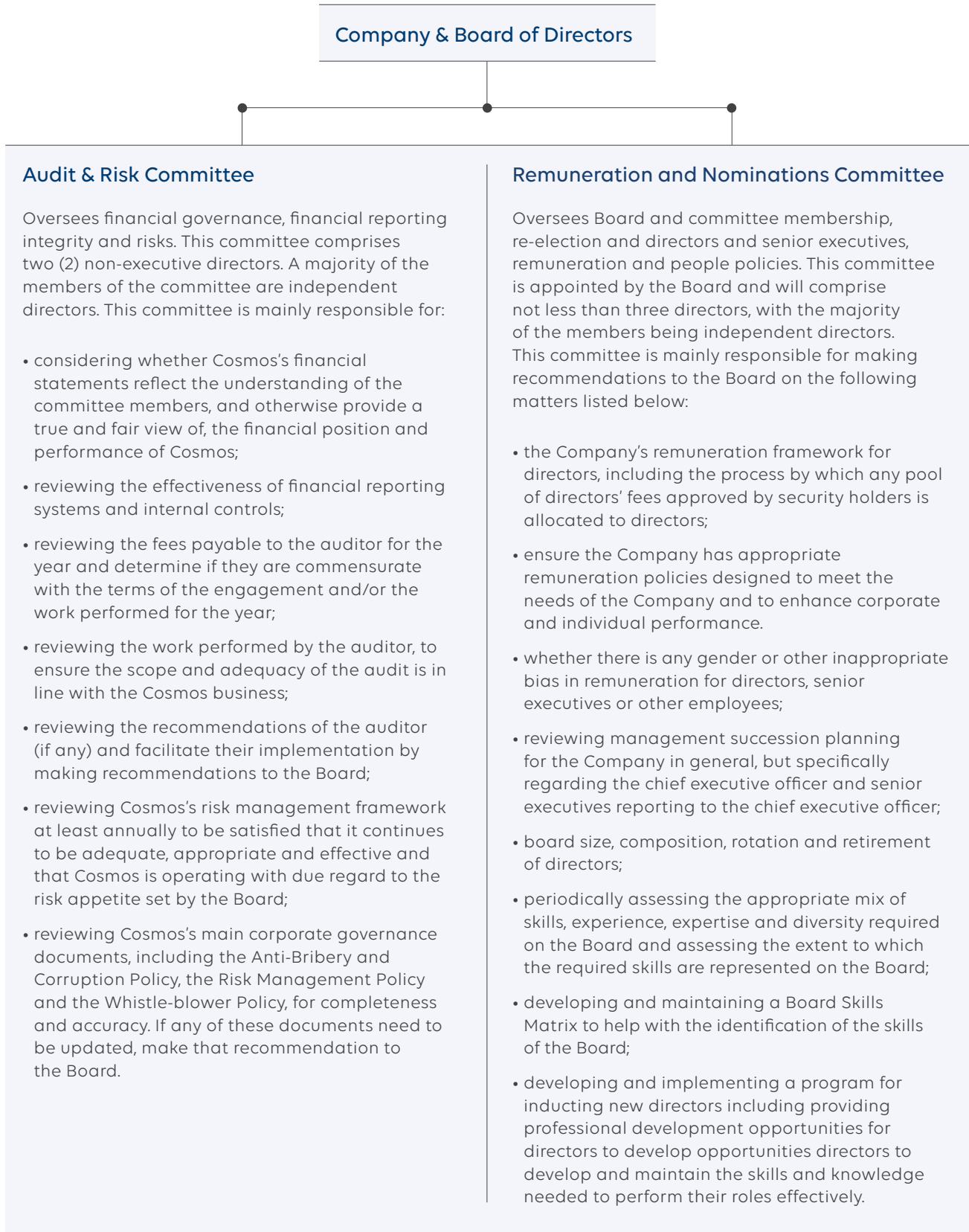
#### 3.2. Structure of our Company



### 3.3. Board Process

To assist in the execution of its responsibilities, the Board has established the following committees:

- an Audit and Risk Committee; and
- a Remuneration and Nominations Committee.



#### Audit & Risk Committee

Oversees financial governance, financial reporting integrity and risks. This committee comprises two (2) non-executive directors. A majority of the members of the committee are independent directors. This committee is mainly responsible for:

- considering whether Cosmos's financial statements reflect the understanding of the committee members, and otherwise provide a true and fair view of, the financial position and performance of Cosmos;
- reviewing the effectiveness of financial reporting systems and internal controls;
- reviewing the fees payable to the auditor for the year and determine if they are commensurate with the terms of the engagement and/or the work performed for the year;
- reviewing the work performed by the auditor, to ensure the scope and adequacy of the audit is in line with the Cosmos business;
- reviewing the recommendations of the auditor (if any) and facilitate their implementation by making recommendations to the Board;
- reviewing Cosmos's risk management framework at least annually to be satisfied that it continues to be adequate, appropriate and effective and that Cosmos is operating with due regard to the risk appetite set by the Board;
- reviewing Cosmos's main corporate governance documents, including the Anti-Bribery and Corruption Policy, the Risk Management Policy and the Whistle-blower Policy, for completeness and accuracy. If any of these documents need to be updated, make that recommendation to the Board.

#### Remuneration and Nominations Committee

Oversees Board and committee membership, re-election and directors and senior executives, remuneration and people policies. This committee is appointed by the Board and will comprise not less than three directors, with the majority of the members being independent directors. This committee is mainly responsible for making recommendations to the Board on the following matters listed below:

- the Company's remuneration framework for directors, including the process by which any pool of directors' fees approved by security holders is allocated to directors;
- ensure the Company has appropriate remuneration policies designed to meet the needs of the Company and to enhance corporate and individual performance.
- whether there is any gender or other inappropriate bias in remuneration for directors, senior executives or other employees;
- reviewing management succession planning for the Company in general, but specifically regarding the chief executive officer and senior executives reporting to the chief executive officer;
- board size, composition, rotation and retirement of directors;
- periodically assessing the appropriate mix of skills, experience, expertise and diversity required on the Board and assessing the extent to which the required skills are represented on the Board;
- developing and maintaining a Board Skills Matrix to help with the identification of the skills of the Board;
- developing and implementing a program for inducting new directors including providing professional development opportunities for directors to develop opportunities directors to develop and maintain the skills and knowledge needed to perform their roles effectively.

### 3.4. Independent Advice and Access to Company Information

Each director has the right of access to all relevant Company information and to the Company's executives and may seek independent professional advice from a suitably qualified adviser at the Company's expense to the extent that those legal expenses are the subject of an indemnity provided for in the deed of indemnity, access and insurance between the Company and the director.

### 3.5. Composition of the Board and Committees

The Company's constitution provides for the Board to consist of not less than three (3) directors with the maximum number to be fixed by the Board from time to time. As of 31 December 2019, the appointment date, resignation date, role and participation in the relevant committees of each director are set out below:

<b>Board</b>	<b>Nomination &amp; Remuneration Committee</b>	<b>Audit &amp; Risk Committee</b>
James Manning	x	M
Christopher Bregenhoj	M	M
Michael Hughes	C	C
Christos Kyriakides	x	x

**M** = Member      **C** = Chariman      **X** = Not a member

Since the incorporation of the Company, Mr James Manning was the chief executive officer of the Company. The Board believes that Mr. Manning is the most appropriate person to lead the strategic objectives of the Company since he is able to bring, and does bring quality independent judgment to all relevant issues falling within the scope of the role of chief executive officer of the Company, as a whole, benefits from his experience in establishing the Company and the business relationships he has developed in the industry in which the Company operates.

The composition of the Board is reviewed on a regular basis to ensure that the Board has the appropriate mix of expertise and experience. When a vacancy exists, through whatever cause, or where it is considered that the Board would benefit from the services of a new director with particular skills, the Nomination and Remuneration Committee, in conjunction with the Board, determines the selection criteria for the position based on the skills deemed necessary for the Board to best carry out its responsibilities. The committee then selects a panel of candidates and the Board appoints the most suitable candidate who must stand for election at the next general meeting of shareholders.







### 3.6. Board Skills Matrix

The boards' skills matrix is a result of the annual review and assessment of the capabilities and skills of the Directors who are directing the company on a day-to-day basis.

	Industry Experience			Functional & Operational Management Experience					
Skills & Experience Category	Digital Asset Management	Global Markets & Trading	Facility Development	Strategy	Financial Reporting	Capital Management	Corporate Management	M&A Experience	Legal, risk & health & safety
Number of directors with expert or advanced capability	2	3	2	3	3	3	3	3	3

Explanation of each skillset and the metrics being assessed:

Skills/experience category	Description of capability
Digital innovation and disruption	Experience in developing and applying digital and emerging technology or product; and/or experience in leading or responding to digital disruption.
Global markets and trading	Experience in acting as a director of a listed entity on the ASX and the related obligations.
Facility Development	
Strategy	Experience in developing, implementing and challenging strategic plans to achieve the long-term goals of an organisation.
Financial reporting	Qualifications and experience in accounting and/or finance and the ability to: <ul style="list-style-type: none"> <li>• analyse key financial statements;</li> <li>• critically assess the financial viability and performance;</li> <li>• contribute to strategic financial planning;</li> <li>• oversee budgets and the efficient use of resources; and</li> <li>• oversee funding arrangements and accountability.</li> </ul>
Capital management	Experience in capital management strategies, including capital partnerships, debt and equity financing, capital raisings and involvement in treasury functions.
Corporate Governance	Knowledge and experience in best practice corporate governance structures, policies and processes.
M&A Experience	Experience in mergers/acquisitions transactions.
Legal, risk and health and safety	Executive experience in identifying, managing and mitigating risks to an organisation (including legal risks), and experience in managing workplace health and safety.

## 4. Risk Management

Under the Audit and Risk Committee Charter, the AR Committee reviews the status of business risks to the Company through a risk management framework to ensure that risks are identified, assessed and appropriately managed and communicated to the Board. The main business risks of the Company relate to technology, services or projects, including (but not limited to):

- digital currency risks;
- infrastructure operations risks;
- key people risks;
- changes in competitors' technology and services;
- changes in market demand and market prices for comparable products; and
- changes in legislation or the regulatory environment.

Procedures are established such that:

- Capital expenditure above a certain size requires Board approval;
- financial exposures are controlled, including the use of forward exchange contracts;
- risks are identified and managed, including internal audit, privacy, insurances, business continuity and compliance; and
- business transactions are properly authorised and executed.

The Chief Executive Officer and the Chief Financial Officer have declared, in writing to the Board that the Company's financial reports are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board.

### 4.1. Internal Control Framework

The Board is responsible for the overall internal control framework, but recognises that no cost-effective internal control system will preclude all errors and irregularities. The Board has instigated the following internal control framework:

- Financial reporting: Monthly actual results are reported against budgets approved by the directors and revised forecasts for the year are prepared monthly.
- Quality and integrity of personnel: Formal appraisals are conducted at least annually for all employees.
- Investment appraisals: Guidelines for capital expenditure include annual budgets, detailed appraisal and review procedures and levels of authority.

### 4.2. Internal Audit

The Company does not have an internal audit function but utilises its external resources as needed to assist the Board in ensuring compliance with internal controls.

### 4.3. Conflict of Interest

Each director must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. Where the Board considers that a significant conflict exists, the director concerned does not receive the relevant Board papers and is not present at the meeting whilst the item is being considered.



## 5. Ethical Standards

All directors, managers and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company. Every employee has a nominated supervisor to whom they may refer any issues arising from their employment.

## 6. Code of Conduct

The Company has a documented code of conduct policy which is published on the Company's website at:

[www.cosmoscapital.io/corporategovernance](http://www.cosmoscapital.io/corporategovernance)

The code applies to all staff, including employees, contractors, consultants, secondees and directors, which has been approved by the Board.

The code aligns behaviour of the Board and management with the code of conduct by maintaining appropriate core values and objectives. It may be reviewed on the Company's website and includes:

- Responsibility to the community and fellow employees to act with honesty and integrity, and without prejudice;
- compliance with laws and regulations in all areas where the Company operates;
- dealing honestly with customers, suppliers and consultants;
- ensuring reports and other information are accurate and timely; and
- proper use of Company resources, avoidance of conflicts of interest and use of confidential or proprietary information.

## 7. Diversity

The Company is committed to providing a corporate culture which embraces diversity when determining the composition of the Board and senior executive roles, subject to the primary objective of ensuring equality of opportunity with merit-based selection and decision-making. The Company has a documented Diversity Policy which is published on the Company's website at:

[www.cosmoscapital.io/corporategovernance](http://www.cosmoscapital.io/corporategovernance)

The Company is committed to equality of opportunity with merit-based selection and decision-making, and inclusion at all levels of the organisation, including the Board, regardless of gender, marital or family status, sexual orientation, gender identity, age, disabilities, ethnicity, religious beliefs, cultural background, socio-economic background, perspective and experience.

## 8. Securities Trading

The Company has a documented Securities Trading Policy which is published on the Company's website at:

[www.cosmoscapital.io/corporategovernance](http://www.cosmoscapital.io/corporategovernance)

All key management personnel (i.e., directors, chief executive officer, chief financial officer, company secretaries and each of their relatives) who are not in possession of inside information may buy, sell or deal in the Company's securities during certain periods, as specified in the Securities Trading Policy.

The Securities Trading Policy provides for “exceptional circumstances” in which key management personnel and employees may apply for prior written clearance to deal in the Company’s securities provided that they are not in possession of inside information.

## 9. Communications with Shareholders

The Company has a documented Shareholder Communication Policy which is published on the Company’s website at:

[www.cosmoscapital.io/corporategovernance](http://www.cosmoscapital.io/corporategovernance)

The Board provides shareholders with information using a comprehensive continuous disclosure policy (see section 11 below) which includes identifying matters that may have a material effect on the price of the Company’s securities, notifying those matters to the ASX (if and when the Company is listed), posting them on the Company’s website ([www.cosmoscapital.io](http://www.cosmoscapital.io)), and issuing media releases.

The Company is committed to:

- ensuring that shareholders and the financial markets are provided with full and timely information about the activities of the Company in a balanced and understandable way;
- communicating effectively with its shareholders and making it easier for shareholders to communicate with the Company.

The Chief Executive Officer and the Chief Financial Officer are responsible for interpreting the Company’s policy and where necessary informing the Board. The Company Secretary is responsible for all communication with the ASX (if and when the Company is listed).

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the consolidated entity’s strategy and goals. Important issues are presented to the shareholders as single resolutions.

The external auditor is requested to attend the Annual General Meetings to answer any questions concerning the audit and the content of the auditor’s report.

The shareholders are requested to vote on the appointment and aggregate remuneration of directors, the granting of options and shares to directors, the remuneration report and changes to the Constitution. Copies of the Constitution are available to any shareholder who requests it.



## 10. Continuous Disclosure

The Company has a documented Continuous Disclosure Policy which is published on the Company's website at:

[www.cosmoscapital.io/corporategovernance](http://www.cosmoscapital.io/corporategovernance)

The policy:

- has the principal objective of ensuring that the Company complies with its continuous disclosure obligations;
- sets out the processes to ensure timely and meaningful disclosure of price-sensitive information to the Company's investors and the market;
- regulates processes for general updates regarding the strategic, operational and financial performance of the Company, including preventing selective disclosure; and
- outlines the approval procedures for market announcements.

## 11. Whistle-blower Policy

The Company has a documented Whistle-blower Policy which is published on the Company's website at:

[www.cosmoscapital.io/corporategovernance](http://www.cosmoscapital.io/corporategovernance)

The Company embraces the reporting of suspected unethical, illegal, fraudulent, undesirable or unlawful conduct involving the Company's business and provides protections and measures to those persons who make a report may do so confidentially and without fear of intimidation, disadvantage or reprisal.

As part of its responsibilities, the Audit and Risk Committee is responsible for ensuring that a confidential and anonymous process exists whereby persons can report on certain Company matters.

The policy sets out the Company's policy for reporting concerns of past, present or future instances of unethical or unlawful behaviour relating to the Company and applies to all employees, directors, officers, contractors (including employees of contractors), suppliers and consultants of all entities within the Cosmos group (Personnel).

The policy encourages Personnel to report an issue if they genuinely believe someone has engaged in serious wrongdoing.

## 12. Anti-bribery and Corruption Policy

The Company has a documented Anti-bribery and Corruption Policy which is published on the Company's website at:

[www.cosmoscapital.io/corporategovernance](http://www.cosmoscapital.io/corporategovernance)

The policy applies to all Cosmos staff, including employees, contractors, consultants, secondees and directors (Personnel) and prohibits them from engaging in any conduct (globally) that is or may be construed to be a bribe and/or any corrupt activity whatsoever.



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