

Corporate Governance Statement

The Board of Directors of Kangaroo Island Plantation Timbers Ltd and its subsidiary undertakings (“Company”, ASX code: KPT) is responsible for the Corporate Governance of the Company and is committed to achieving the highest standard of Corporate Governance, business integrity and professionalism in the interests of all stakeholders. The Board guides and monitors the business and affairs of the Company on behalf of the security holders, by whom they are elected and to whom they are accountable.

Company culture and values

Company values underpin the Board’s desired culture to maximise shareholder value while nurturing the needs of the environment and community. The values at the core of the Company’s ethos are:

- ✓ Transparency
- ✓ Integrity
- ✓ Resilience
- ✓ Ecological awareness and
- ✓ Accountability

As the Company evolves, so too do its values.

Purpose

Between December 2019 and January 2020 approximately 95% of the KIPT plantation estate was affected by wildfire that arose from neighbouring land.

At 30 June the company strategy revolved around development of its proposed seaport at Smith Bay and salvage of its logs arising from the fire-affected forests.

On 9 August 2021 the South Australian Minister for Planning and Local Government declined the Company’s application to build a deep-water port facility at Smith Bay.

On 11 August 2021 the Group announced a strategy to remove the tree crop and convert its land for more traditional agricultural use.

The Company’s aim is to become a sustainable long-term agricultural company that maximises shareholders’ needs, minimises environmental impact and benefits the community through long-term employment opportunities, improved local economic growth and upgraded roads.

Corporate Governance Principles

The Board has used its best endeavours to follow the Principles and Recommendations set out by the Australian Securities Exchange’s (“ASX”) Corporate Governance Council.

The ASX Corporate Governance Council released revised Corporate Governance Principles and recommendations 4th Edition on 27 February 2019 to take effect for the first full financial year commencing on or after 1 January 2020. The Company has adopted the revised Principles and Recommendations and accordingly, this Statement complies with the 4th edition Principles and Recommendations except where otherwise noted.

Kangaroo Island Plantation Timbers Ltd’s corporate governance practices were in place throughout the year ended 30 June 2021, except where noted. Having regard to the Company’s size and nature it is considered that it complies as far as possible with the spirit and intentions of the ASX Corporate Governance Council’s Principles and Recommendation unless otherwise described in this statement. This statement was adopted by the Board on 21 September 2021. Reviews are completed annually or as required, with the latest review taking place in September 2021.

This Statement summarises the Company’s primary corporate governance practices and its compliance with the ASX Corporate Governance Council’s Principles and Recommendations as appropriate.

The Corporate Governance Statement and all corporate governance documents noted in this Statement are available on the Company’s website www.kipt.com.au



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ASX CORPORATE GOVERNANCE PRINCIPLES

The following is a summary of the 9 Corporate Governance Principles, including (where applicable) comments on the Recommendations as well as extracts from the policies adopted by the Company which demonstrate how compliance has been achieved.

PRINCIPLE 1: Lay solid foundations for management and oversight

1.1 CHARTER FOR THE BOARD OF DIRECTORS

An important and basic corporate governance policy is the Charter for the Board of Directors, which should clearly delineate the respective roles and responsibilities of the Board and management and be regularly reviewed. The Charter is available on the Company's website.

The Charter, as supported by the Directors' Code of Conduct detailed at Principle 3, sets out the following requirements:

- The role of the Board;
- The responsibilities of the Board;
- The Board structure;
- The skills required on the Board; and
- The Directors' general roles.

The Board is responsible for the overall corporate governance of the Company including its purpose, culture, strategic objectives, and risk appetite. The Board establishes values, goals and responsibilities for management and monitors management's performance.

The Board is responsible for setting the risk appetite and satisfying itself that management has established an appropriate risk management framework for both financial and non-financial risks.

The Board seeks to identify and meet the expectations of Company security holders, as well as other regulatory and ethical expectations and obligations. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately mitigate those risks.

To ensure the Board is well equipped to discharge its responsibilities, it has established guidelines for the nomination and selection of directors and for the operation of the Board. To assist in the execution of its responsibilities, the Board has an established Audit and Risk Committee. The committee has three members, all are non-executive directors and one-third is independent.

The responsibility for the operation and administration of the Company is delegated, by the Board, to the executive directors and senior management team. The Board ensures that this team is appropriately qualified and experienced to discharge its responsibilities and has in place procedures to assess the performance of the executive directors and the senior management team. Assessments are undertaken each reporting period.

While there is ongoing interaction between the Board and management, the Board functions independently of management to establish the policy framework of the Company from which management works to perform the daily functions of the business

The Board is responsible for ensuring that management's objectives and activities are aligned with the expectations, values and risk appetite set by the Board.

The Board has a number of mechanisms in place to ensure this is achieved including:

The Board's roles and responsibilities

The primary responsibilities of the Board include:

- Demonstrating leadership;
- Setting and reviewing the Company's purpose and its strategic objectives designed to meet



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- stakeholders' needs and manage business risk;
- Approving the Company's statement of values and code of conduct underpinning the desired culture within the Company;
- Appointing the Chair of the Board;
- Appointing and reviewing the performance, remuneration, and succession plans of the Executives, Executive Directors, Managing Director¹ and Company Secretary.
- Overseeing and working with management to instil the Company's values and develop strategic and business plans to achieve those strategic objectives;
- Review of management to encourage accountability;
- Approving budgets and major capital expenditure, acquisitions and divestitures and monitoring progress against budget – via the establishment and reporting of both financial and non-financial key performance indicators.
- Overseeing the integrity of the Company's accounting and corporate reporting systems, including appointing or removing the Company's external auditor;
- Overseeing that our security holders and the market are provided with full and timely information that a reasonable person would expect to have a material effect on the price or value of the Company's securities;
- Setting the Company's risk appetite and satisfying itself that management has established an appropriate risk management framework for both financial and non-financial risks;
- Ensuring the existence of an appropriate framework for relevant information to be reported by management to the Board;
- Whenever required, challenging management and holding it to account;
- Satisfying itself that the Company's remuneration policies are aligned with the Company's purpose, values, strategic objectives and risk appetite; and
- Monitoring the effectiveness of the Company's governance practices.

At all times the Board retains full responsibility for guiding and monitoring the Company. Due to the size of the Board and Company, apart from an Audit and Risk Committee, there are no other separate committees of the Board. The Board maintains full responsibility on matters of finance and treasury with assistance from the Managing Director, Executive Director and CFO.

Board Meetings

The Board holds 10 to 12 formal meetings a year. Additional meetings are held as required. A meeting is held each year to review and approve the strategy and financial plan for the next financial year. The Board also meets with Executive Management to consider matters of strategic importance to the Company.

During the year all board members visited the Company's Kangaroo Island and Adelaide sites; future visits may be limited due to the COVID-19 pandemic travel restrictions.

Senior Management Team's Responsibilities

The Managing Director "MD", Executive Director of Community Engagement "EDC", Chief Financial Officer "CFO" and Key Executives form the senior management team. The senior management team is responsible for running the affairs of the Company under delegated authority from the Board, and for implementing the policies and strategy set by the Board. In carrying out its responsibilities the team must report to the Board in a timely manner and ensure all reports to the Board present a true and fair view of the Company's financial position, operational results, compliance with material legal and regulatory requirements and any conduct that is materially inconsistent with the values or code of conduct of the entity. Clear lines of communication between the Chair and the senior management team are established and each consults with the Chair, in the first place, on matters which are sensitive, extraordinary or of a strategic nature.

The role of the senior management team is to implement the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board. The team is responsible for the implementation of the Company's strategic and business plans and instilling and

¹ Subsequent to 30 June the Company announced the Managing Director position will become redundant.



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re-enforcing its values while operating within the values, code of conduct, budget and risk appetite set by the Board. The senior management team is not responsible for setting the Company's strategic and business plans.

The Chair is responsible for leading the Board, facilitating the effective contribution of all Directors and promoting constructive and respectful relations between Directors and between the Board and senior management. The Chair is responsible for approving board agendas and ensuring that adequate time is available for discussion of all agenda items, including strategic issues.

The Audit and Risk Committee has delegated certain financial risk management duties to the MD.

Independent professional advice

In fulfilling their duties, the Directors may obtain independent professional advice at the Company's expense whenever Directors, especially non-executive directors, consider such advice is necessary for them to discharge their responsibilities as directors.

1.2 APPOINTMENT OF DIRECTORS

The full Board is responsible for establishing criteria for Board membership, reviewing Board membership and identifying and nominating directors. Board membership is reviewed annually to ensure the Board has an appropriate mix of qualifications, skills and experience. External advisors may be used to assist in this process, however the Board feels such services are not required at this stage. Appropriate background checks are made when engaging directors. For these purposes, appropriate checks include checks as to the person's character, experience, education, criminal record and bankruptcy history.

The directors sign a letter of appointment that sets out terms and conditions of appointment and retirement.

The letter of appointment includes the requirements outlined in Principle 1. The Company has also developed an informal induction program suitable for new directors and senior management.

1.3 WRITTEN AGREEMENTS WITH DIRECTORS AND SENIOR EXECUTIVES

The Company has written agreements personally with all directors.

The Company has written agreements personally with all senior executives:

- There has been an agreement with Allinson Accounting Solutions Pty Ltd, the company of Victoria Allinson (CFO and Company Secretary) since her appointment in May 2013. Allinson Accounting Solutions Pty Ltd is a bona fide professional services firm.
- There has been an agreement with Seaview Corporations Pty Ltd, the company of Peter Lockett (Project Approvals Manager), since his appointment in May 2018.
- There has been an agreement with Infrastructure Consulting Pty Ltd, the company of Alan Braggs (KI Seaport Manager), since his appointment in June 2020.
- There has been an agreement with Heathcote Resources Pty Ltd, the company of Rob Heathcote (Operations Manager) since his appointment in May 2020.

1.4 COMPANY SECRETARY

The Company Secretary is accountable to the Board for facilitating the Company's corporate governance processes and the proper functioning of the Board. Each Director is entitled to access the advice and services of the Company Secretary.

In accordance with the Constitution the appointment or removal of the Company Secretary is a matter for the Board as a whole. Details of the Company Secretary's experience and qualifications are set out in the Annual Report.



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1.5 DIVERSITY POLICY

The Board has always been aware of the advantages that may flow from diversity in respect to gender, age, ethnicity and cultural background and has taken those factors into account when considering new appointments at all levels within the Company.

Allowing for the size of the Company, the Board sets measurable objectives for achieving diversity in the composition of its board, senior executives and workforce in general.

At present there is an aggregate of 11 (prior year: 20) staff including directors, employees and contractors (full and part time); these include 4 (prior year: 6) females including the CFO and 1 Executive Director, and 1 (prior year: 2) mature age staff members. Mature age in this instance is classified at 65 years. In each reporting period the Company, where applicable, discloses the measurable objectives set for that reporting period to achieve diversity as well as the progress towards achieving those objectives.

The current position with each of the strategy items and the time frame for achievement or otherwise is listed in the following Table 1:

Table 1

Strategy, initiative or program	By when	Current position
Phase 1 – Strategies		
1.1(a) The development and adoption of the Policy	June 2013	Completed
1.1(b) Embody within the Statement of Corporate Governance	June 2013	Completed
1.1(c) Assignment of responsibility	June 2013	Completed
Phase 2 - Initiatives and Programs		
At Board / Board Committee Level		
1.2(a)(i)(A) Diversity is embedded as a relevant attribute	June 2013	Completed
1.2(a)(i)(B) Any skill / gap analysis matrix includes due regard for the attributes of diversity	As required	Will be prepared when required
1.2(a)(i)(C) Clear statement exists as to the mix of skills and diversity that the Board is looking to achieve	June 2013	Stated below and Included in the Charter for the Board of Directors
1.2(a)(ii) When addressing Board succession planning	June 2013	Included in the Charter for the Board of Directors
1.2(a)(iii) Inclusion of Diversity related KPIs for CEO and senior executives	June 2013	N/A given the size of Group and number of staff
1.2(b)(i) Review the Company's HR policies	June 2013	N/A given the size of Group and number of staff
1.2(b)(ii) Review the Company's physical environment & cultural practices to ensure compliance with the Policy	June 2013	N/A given the size of Group and number of staff
1.2(b)(iii) Ensure that the Company's recruitment practices follow the Policy requirements	As required	Will be prepared when required
1.2(c)(i) Commit to career development	June 2013	N/A given the size of Group and number of staff
1.2(c)(ii) Develop standing program and provide budget for career development	Annual	As required

Notes:

- The size and nature of the group, along with the regional location in which it holds its principal assets, limits the number of initiatives and programs that are viable. This will be reviewed as and when the group changes.
- It should be noted that the ASX recognises that there is an historical "skewed" pipeline of qualified and experienced personnel in the market and, accordingly, the diversity targets must be regarded as "soft" and subject to the overriding caveat stated at Item 3 in the below Diversity Policy. The diversity targets is to maintain the current diversity levels.



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"Since good governance principles require independence, transparency, diversity and flexibility, the Board acknowledges the importance of Board structure and, as a consequence, the Board seeks to use the following provisions as guidance when implementing an effective governance structure in the Company."

The Diversity Policy adopted by the Board is as follows:

1. General Purposes and Principles

- a) The Company respects and values the competitive advantage of "Diversity", and the benefits of its integration throughout the Company. The Company believes the embracement of diversity will enrich the Company's perspective, improve corporate performance, increase shareholder value, and enhance the probability of achievement of the Company's objectives ("Principle").
 - (b) This Principle will manifest itself in the following areas:
 - (i) strategic and operational:
 - (A) being attuned to diverse strategies to deliver the Company's objectives;
 - (B) being attuned to diverse corporate, business and market opportunities; and
 - (C) being attuned to diverse tactics and means to achieve those strategies in (A) and to take advantage of those opportunities in (B).
 - (ii) management:
 - (A) adding to, nurturing and developing the collective relevant skills, and diverse experience and attributes of personnel within the Company;
 - (B) ensuring the Company's culture and management systems are aligned with and promote the attainment of the Principle, including having regard for domestic responsibilities.
- Note: in the context of paragraph 1(a) "Diversity" constitutes people at relevant levels within the Company (including board, senior executive, management and otherwise) with a diverse blend of skills, experiences, perspectives, styles and attributes gained from life's journey, including on account of their culture, gender, age or otherwise.
- (c) The Company will develop strategies, initiatives and programs to promote the Principle, including the achievement of diversity with respect to the matters referred to in paragraph 1(b)(ii).
 - (d) In particular, the Company will set measurable objectives, and targets or key performance indicators (KPIs), for the strategies, initiatives and programs to achieve diversity with respect to the matters referred to in paragraph 1(b)(ii).
 - (e) The Company will implement the strategies, initiatives, programs and measurable objectives referred to in (c) and (d).
 - (f) Management will monitor, review and report to the Board (including via the Committee if established) on the achievement of diversity with respect to the matters referred to in paragraph 1(b)(ii), and the Company's progress under this policy.

2. Responsibility for the Policy

- (a) Although the Board retains ultimate accountability for this Policy, the Board has delegated responsibility for Policy implementation to the managing director, where appointed.
- (b) In turn, the managing director has delegated responsibility for administration of this Policy, including its reporting to the Board or its relevant sub-committee, as appropriate, to the Company Secretary.

3. Measurable Objectives, targets and Key Performance Indicators (KPIs) - Diversity

With respect to diversity, management will:

- (a) develop, for approval by the Board or its relevant sub-committee, as appropriate:



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- (i) measurable objectives concerning the strategies, initiatives and programs referred to in paragraph 1(c); and
 - (ii) targets or KPIs to verify progress towards attainment of those measurable objectives.
- (b) measure performance against those targets and KPIs; and
- (c) report from time to time on the progress of the matters referred to in (a) and (b).

4. Compliance Requirements

- (a) The Company will meet its obligations with respect to the issue of "Diversity", as may be required under the ASX Corporate Governance Principles and Recommendations (4th Edition) ("ASX Principles") and other regulatory requirements (if any) including by:
- (i) establishing this Policy as a compliant policy by:
 - (A) establishing measurable objectives for achieving diversity; and
 - (B) the Board assessing annually the measurable objectives for achieving diversity, and the Company's progress in meeting them.
 - (ii) disclosing this policy or a summary of it under ASX Recommendation 1.5 (a)
 - (iii) disclosing the processes the Board adopts and the criteria the Board takes into consideration in its selection of prospective new Board members;
 - (iv) disclosing:
 - (A) the measurable objectives for achieving gender diversity set by the Board in the terms of this Policy;
 - (B) the progress from time to time towards meeting them; and
 - (C) the proportions in the Company (relative to their male counterparts) of:
 - female employees
 - females in senior executive positions
 - females on the Board
 - (v) incorporating in the corporate governance statement details as to the mix of skills and diversity that the Board is looking to achieve in membership of the Board.
- (b) The Company Secretary will assume line responsibility to ensure the Company meets its compliance and reporting obligations referred to in (a), including by collecting and collating all relevant data and ensuring that management processes and systems are adequate and effective for such reporting obligations to be met.

5. Communication

The Company commits to the communication of this policy within the Company, to its security holders and the market, including via its website:

- (i) by way of transparency and accountability; and
- (ii) to better promote the prospects of attainment of the Principle.

6. Accountability

- (a) Reporting and accountability in the terms of this Policy will be a periodic item on the Board agenda.
- (b) At least annually the Board reviews progress towards attainment of the Principle with respect to the matters referred to in paragraph 1(b)(ii), and otherwise to facilitate the Board in meeting its Compliance requirements under paragraph 4.

7. Addenda to this Policy

The following shall constitute addenda to this Policy as if set out in this Policy:

- (a) approved strategies, initiatives and programs and measurable objectives, targets and KPIs referred to in paragraph 1(c); and



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- (b) approved measurable objectives, targets and KPIs referred to in paragraph 1(d); as may apply from time to time.

8. Overriding Caveat

Nothing in this policy shall be taken, interpreted or construed so as to endorse:

- (a) the principle criteria for selection and promotion of people to work within the Company, other than their overall relative prospect of adding value to the Company and enhancing the probability of achievement of the Company's objectives;
- (b) any discriminatory behaviour by or within the Company contrary to the law, or any applicable codes of conduct or behaviour for the Company or its personnel;
- (c) any existing person within the Company in any way feeling threatened or prejudiced by this policy in their career development or otherwise, merely because their Diversity attributes at any time may be more, rather than less, common than others.

Diversity Strategy

The Diversity Strategy lists the strategies, initiatives and programs, measurable objectives, targets and KPIs adopted by the Board. Most of the strategies, initiatives and programs have already been achieved or put in place, and the necessary amendments have been made to the Charter for the Board of Directors and to the Terms of Reference for the Remuneration Committee (if formed, otherwise by the Board Charter). The amended documents may be viewed on the Company's web site.

The Strategy includes initiatives and programs designed to foster Diversity at Board level, at executive and management level and generally, commensurate with the nature and size of the Company. Progress in regards to achievement of the Diversity Strategy will be reviewed by the Remuneration Committee (if formed, otherwise by the Board) on an annual basis and the results reported to the Board.

1.6 PERFORMANCE OF BOARD

The performance of the Company's Board is assessed at least once every reporting period. The performance of the Board has been assessed this year in accordance with the process adopted by the Board. Director performance reviews are in the form of informal annual self-review and discussion with the Chairman.

Further information on performance evaluation and remuneration is set out in the Remuneration Report contained within the Annual Report. In particular the reports will address any issues that may emerge from the reviews.

1.7 PERFORMANCE OF KEY EXECUTIVES

The performance of the Company's senior executives is assessed at least once every reporting period. Their performance has been assessed this year in accordance with the process adopted by the Board.

Further information on performance evaluation and remuneration is set out in the Remuneration Report contained within the Annual Report. The process for regular review of the performance of the senior management team will address any issues that may emerge from that review.



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PRINCIPLE 2: Structure the Board to be effective and add value

2.1 NOMINATION AND REMUNERATION COMMITTEE

In view of the size of the parent entity, the directors have considered that establishing a nomination and remuneration committee would contribute little to its effective management or addition of value and accordingly all directors participate in decisions regarding the nomination and election of new Board members.

In view of the size of the Company, the Board has an appropriate number of independent non-executive directors who can challenge management and hold it to account, and also represent the best interests of the Company.

The Board is of sufficient size so that the requirements of the business can be met and changes to the composition of the Board and its committees can be managed without undue disruption.

To facilitate the effective functioning of the Board and to promote investor confidence, there is a formal, rigorous and transparent process for the appointment and reappointment of directors to the Board.

2.2 BOARDS' SKILL MATRIX

A board "skills matrix" helps the Board identify any gaps in its collective skills that should be addressed by providing professional development to existing or new directors and can also assist the Board in its succession planning.

By disclosing the board skills matrix this helps to increase the accountability of the Board in ensuring it has the skills to discharge its obligations effectively and to add value.

The Board regularly reviews its skills matrix to make sure it covers the skills needed to address existing and emerging business and governance issues relevant to the Company. In the period from October 2018 the Company shifted towards planning for an operating timber export business thus rethinking its skills matrix considerably, prioritising forestry as a key skill. Since July 2021 the Company has adopted an agricultural strategy. As a result, the requirement for forestry expertise has been replaced with a new requirement for agricultural expertise.

The skills and diversity attributes listed below have been identified as the optimum skills and diversity attributes the Company seeks to achieve across its Board membership. The Board currently possesses an effective blend of these skills and diversity attributes.

General

- > Other Board experience
- > Management expertise

Technical

- > Forestry (prior to July 21)
- > Agriculture (post July 21)
- > Communication
- > Analytical
- > Strategic Technical
- > Financial qualifications
- > Legal
- > Engineering
- > Transport
- > Government
- > Marketing
- > Local knowledge and networks

Governance

- > Understanding of legal, ethical and fiduciary duties
- > Governance committee experience
- > Risk management

Diversity

- > Female
- > Male
- > Non-Caucasian ethnicity
- > Language other than English

Further details regarding the skills and experience of each Director are included in the Directors' Report within the Annual Report.



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2.3 DIRECTORS INDEPENDENCE AND LENGTH OF SERVICE

The names and details of the Company's directors in office are as follows:

Director	Position	Appointed	Last elected or re-elected at AGM	Resigned
Paul McKenzie ^{(2) (3)}	Non-Executive Chairman	29 April 2005	10 Nov 2017	-
Keith Lamb	Managing Director	15 Oct 2018	-	2021 AGM
John Sergeant	Non-Executive Director	2 March 2013	21 Nov 2019	3 May 2021
Shauna Black	Executive Director	17 March 2015	21 Nov 2019	2021 AGM
Gregory Boulton AM	Non-Executive Director	1 Nov 2016	16 Oct 2018	21 Sep 2021
James Davies ^{(1) (3)}	Non-Executive Director	14 July 2021	-	-
Mitchell Taylor ⁽³⁾	Non-Executive Director	14 July 2021	-	-

(1) To be appointed Executive Chair after the 2021 AGM

(2) To resign from Chair after 2021 AGM

(3) To stand for election or re-election at 2021 AGM

At the end of the reporting period, the Board comprised one (prior: one) independent non-executive director, Gregory Boulton AM; one non-executive director Paul McKenzie; and two executive directors, Keith Lamb, and Shauna Black.

The Board unanimously agrees that the board collectively continue to act in the best interest of all security holders, however subsequent to the end of reporting period changes were announced to the board composition:

- Two additional Non-executive Directors were appointed: James Davies and Mitch Taylor
- Three directors announced their resignation: Managing Director Keith Lamb and Executive Director Shauna Black will resign at the close of the 2021 AGM; and Non-Executive Director Greg Boulton resigned on 21 September 2021.

2.4 MAJORITY OF DIRECTORS INDEPENDENT

Best practice recommends that the majority of the non-executive board members should be independent. The Board believes that the current board membership is effective in the current strategic development stage of the Company. During the year the board membership included 20% (prior: 20%) independent non-executive directors. The board membership is reviewed annually and a further independent non-executive director could be recruited at later stages of the Company's development in order to expand the Board's experience and qualifications as the Company transitions into the next development stage.

All Directors receive performance-based remuneration; the Board does not believe this impacts a directors' independence as the rights are designed to improve shareholder interests, as a whole, through higher share prices. In addition, the performance-based remuneration is not material to the current independent director, Mr Boulton AM.

Directors are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to, materially interfere with the exercise of their unfettered and independent judgement; and are not a substantial shareholder of 5% or more of the Company and in the last three years they (or someone to which they have close ties) have not been an executive, professional advisor or consultant of the Company.



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2.5 CHAIR IS INDEPENDENT

Best practice recommends that the Chair of the Board is independent and not the same person as the Managing Director. The Board believes that the current Chair is effective despite Mr McKenzie not being independent due to his shareholding and length of service. The board membership is reviewed annually and an independent non-executive chair could be recruited once the development of a wharf commences or the Board feels circumstances have changed and an independent chair is required.

At 30 June 2021, the Board was comprised of 20% independent directors and the Managing Director role is performed by another director, Mr Lamb.

2.6 INDUCTION AND PROFESSIONAL DEVELOPMENT

The Company has developed an informal induction program suitable for new directors and senior management; the program is tailored to their existing skills, knowledge and experience, to position them to discharge their responsibilities effectively and to add value.

The Company encourages all directors to attend the Australian Institute of Company Directors' courses at the company's expense. The in-house induction program is limited due to the size of the entity and while other directors and management can induct the director on operational matters, the Australian Institute of Company Directors' courses cover the legal duties and responsibilities of a director.

The Company periodically reviews whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.

The Board regularly assesses whether the directors as a group have the skills, knowledge and experience to deal with new and emerging business and governance issues. Professional development for directors will be considered where gaps are identified and they are not expected to be addressed in the short term by new appointments.

The Board will also ensure that directors receive briefings on material developments in laws, regulations and accounting standards relevant to the Company.



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

Ethical standards

The Board acknowledges the importance of instilling and continually reinforcing a culture across the organisation of acting lawfully, ethically and responsibly. The Board's policy is for the directors, management and employees to conduct themselves with the highest ethical standards and the best practices of corporate governance.

3.1 STATEMENT OF VALUES

Kangaroo Island Plantation Timbers Ltd's Board Charter was adopted by the Board on 24 September 2013 and is reviewed annually. The latest review was conducted in September 2020. The Board Charter includes the stated value that the Board carries out its legal duties with integrity having regard to the interests of the company's customers, staff, shareholders and the broader community in which it operates.

The Company's values are aligned with the Code of Conduct which acts as a meaningful guide for the way in which the Company and associated individuals conduct business. The Code of Conduct articulates that including the Company's culture values that creates a link between the Company's purpose and its strategic goals by expressing the standards and behaviours expected of Company officers to fulfil its goals and meet its purpose

Company culture and values

Company values underpin the Boards goal to maximise shareholder value, while nurturing the needs of the environment and community. The values at the core of the Company's ethos are:

- ✓ Transparency
- ✓ Integrity
- ✓ Resilience
- ✓ Ecological awareness and
- ✓ Accountability

The Board instils a culture of integrity and transparency through regular quarterly newsletters as well as regular ASX and media releases. The Board has demonstrated an ability to thrive on change, and in the face of adversity, during the Company's post-fire rejuvenation. The Company is working to ensure that negating any impact on the environment is at the core of work moving forward and has taken responsibility for pivotal matters including fencing and future fire protection.

Purpose

Between December 2019 and January 2020 approximately 95% of the KIPT plantation estate was affected by wildfire that arose from neighbouring land.

At 30 June the company strategy revolved around development of its proposed seaport at Smith Bay and salvage of its logs arising from the fire-affected forests.

On 9 August 2021 the South Australian Minister for Planning and Local Government declined the Company's application to build a deep-water port facility at Smith Bay.

On 11 August 2021 the Group announced a strategy to remove the tree crop and convert its land for more traditional agricultural use.

The Company's aim is to become a sustainable long-term agricultural company that maximises shareholders' needs, minimises environmental impact and benefits the community through long-term employment opportunities, improved local economic growth and upgraded roads.



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3.2 CODE OF CONDUCT

The Board review the Code of Conduct annually. The last annual review occurred in September 2020. This code provides more guidance on the standards of ethical behaviours required of the KPT Team, being directors, key management personnel and employees. The code is available on the Company's website.

Kangaroo Island Plantation Timbers Ltd aims to deliver superior long-term total shareholder return, taking proper account of employees, customers and others with whom we do business as well as the communities and environments in which Kangaroo Island Plantation Timbers Ltd operates. In striving to achieve this, we should not compromise our ethics or principles. Kangaroo Island Plantation Timbers Ltd embraces a culture of transparency that places a great importance on honesty, integrity, quality and trust. The Board expects that this culture will ensure the Company acts lawfully.

This Code of Conduct sets ethical standards for the KPT Team. Directors will pursue the highest standards of ethical conduct in carrying out their duties and responsibilities.

The Board is informed of any material breaches of the Code of Conduct as this may indicate issues within the culture of the Company. The Board will ensure that appropriate and proportionate disciplinary action will be taken against those who breach the Code of Conduct.

The Code of Conduct articulates the standards of behaviour expected of the directors, senior management and employees and requires them to:

- act in the Company's best interest and value the Company's reputation;
- act with honesty and integrity;
- treat others with respect and value differences;
- respect and maintain privacy and confidentiality;
- identify conflicts of interest and manage them responsibly; and
- not make or receive improper payments, benefits or gains.

Trading Policy

The long-term holding of the Company's securities by designated persons is encouraged. However, under the Company's Securities Trading Policy, a designated person must not trade in any securities of the Company at any time when they are in possession of unpublished, price-sensitive information in relation to those securities.

Also, they must not give such information to any other person who is likely to:

- use this information to trade in the Company's securities; and/or
- pass this information on to another person who may use this information to trade in the Company's securities.

Before commencing to trade in the Company's securities:

- A director must first obtain the written approval of the Chairman; and
- A senior executive and employees must first obtain the written approval of the Company Secretary or Chairman.

In the instance that the Chairman wishes to trade in the Company's securities, he/she must obtain the written approval of all other members of the Board.

Closed Period

Designated persons are prohibited from trading in the Company's securities during the following periods:

- From 1 July to one day after the release of the Company's final results;
- From 1 January to one day after the release of the Company's half-year results; and
- Any other periods as may be determined by the Board and communicated to designated persons.



Corporate Governance Statement

Exemptions

Only in exceptional circumstances will approval for the disposal of the Company's securities during this closed period be forthcoming. Examples of such circumstances are:

- Where severe financial difficulty or hardship can be demonstrated.
- By Order of a Court of Australia.

At no time will approval for the purchase of the Company's securities be granted to designated employees during the closed period.

Notification of Dealings by Directors

As required by the ASX Listing Rules, the Company is required to report any transaction conducted by Directors in the securities of the Company to the ASX within 5 business days after the date of the transaction.

Directors are required to report these transactions to the Company Secretary the day following the transaction so the appropriate disclosure can be made and to ensure the Company's compliance with the ASX listing rules.

3.3 WHISTLEBLOWER POLICY

The best source of information as to whether a Company is living up to its values are its employees. Employees should be encouraged to speak up about any unlawful, unethical or irresponsible behaviour within the organisation through an appropriate whistleblower policy.

In January 2020, the Board approved a Whistleblower Policy to ensure that the Board is informed of any material incidents reported under that policy. The Board will be informed of material incidents reported under the Whistleblower policy, as they may be indicative of issues within the culture of the organisation. The Whistleblower policy is available on the Company website.

The Company aims to promote and encourage the responsibility and accountability of individuals for reporting unethical practices. Management reports all breaches to the Board at every board meeting.

3.4 ANTI BRIBERY AND CORRUPTION POLICY

Giving bribes or other improper payments or benefits to public officials is a serious criminal offence and can damage a company's reputation and standing in the community.

The Board are informed of any material incidents of bribery or corruption, as they may be indicative of issues within the culture of the organisation.

The Board approved an Anti-Bribery and Corruption policy in September 2020. The policy is available on the Company website.



Corporate Governance Statement

PRINCIPLE 4: Safeguard the integrity of corporate reports

A Company should have appropriate processes to verify the integrity of its corporate reports.

4.1 AUDIT AND RISK COMMITTEE

The Board has established an Audit and Risk committee, which comprises all non-executive directors and operates under a charter approved by the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the entity and for establishing and maintaining this framework of internal control and ethical standards of the Company.

In accordance with best practice the committee should be comprised of three non-executive members, of which the majority are independent and an independent chair. Since April 2020, the Company has three non-executive directors of which one-third is independent. As such, the current Audit and Risk Committee does not meet best practice at present. The Board believes that the Audit and Risk Committee is of sufficient size for the Company's current circumstances however and will review committee membership when circumstances change.

From time to time the Company's senior management team and the Company's auditors are invited to attend meetings of the committee.

The number of meetings held during the financial year and the number of meetings attended by each director were as follows:

	Number of meetings attended	Number of meetings held while in office
Gregory Boulton AM (appointed 1 November 2017) Independent Chairman (from 28 February 2017)	3	3
Paul McKenzie Non-Executive Director	3	3
John Sergeant Non-Executive Director (resigned 3 May 2021)	3	3

Mitchell Taylor will join the Audit and Risk Committee in September 2021 and Chair the committee after Greg Boulton resigns on 21 September 2021.

The responsibilities of the Audit and Risk Committee are contained within its charter and include:

- Assessment and monitoring of internal control adequacy.
- Assessing the need for an internal audit function.
- Overseeing and monitoring integrity of financial reporting and internal control framework.
- Reviewing fees payable to the auditor for audit and non-audit work.
- Reviewing draft annual and interim financial statements with management and external auditors and making recommendations to the full board.
- Reviewing and monitoring the Company's compliance with laws and ASX Listing Rules.
- Reviewing performance against the Company's Code of Conduct.
- Reporting regularly to the Board on its activities and findings.
- Other responsibilities as required by the Board or considered appropriate.

4.2 MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER CERTIFICATION

Financial Reports

The Chief Financial Officer ensures that the Company's financial reports are prepared in accordance with relevant accounting standards and that monthly financial reports are distributed to the Board. The annual and interim financial reports, and any other financial reports for release to the market, are presented for review by the Audit and Risk Committee prior to their adoption by the Board.



Corporate Governance Statement

All annual and interim financial reports presented to the Board have been reviewed by both the MD and CFO who confirm in writing to the Board that the relevant report represents a true and fair view of the Company's financial position in all material respects and is in order for adoption by the Board.

The MD and CFO have provided a written statement under Section 295A of the Corporations Act to the Board that:

- Their view provided on the Company's financial report is founded on a system of risk management and internal compliance and control which implements the financial policies adopted by the Board; and
- The Company's risk management and internal compliance and control system is operating effectively in all material respects.

These reports are signed and provided at both the interim and annual reporting periods.

The Company's external audit function is performed by Grant Thornton Audit Pty Ltd. Representatives of Grant Thornton Audit Pty Ltd will attend the AGM and be available to answer Shareholders questions regarding the audit.

4.3 VERIFY THE INTEGRITY OF ANY PERIODIC CORPORATE REPORTS

The entity releases periodic corporate reports such as Appendix 4C reports that contain unaudited financial information. Management review these periodical reports and report to the Board on these periodic corporate reports with regard to:

1. The integrity of the periodic corporate report being founded on sound risk management and internal compliance and control, which in all material respects implements the policies and arrangements assumed by the Board;
2. The risk management and internal compliance and control system of the Company operating efficiently and effectively, in all material respects; and
3. the report and notes being in accordance with the Corporations Act 2001 (if appropriate), including:
 - (i) the financial records of the Company for the periodic period having been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - (ii) the periodic report and notes for the financial quarter complying with the Accounting Standards; and
 - (iii) the periodic report and notes for the financial period giving a true and fair view.



Corporate Governance Statement

PRINCIPLE 5: Make timely and balanced disclosure

5.1 CONTINUOUS DISCLOSURE POLICY

Kangaroo Island Plantation Timbers Ltd is an ASX listed company, and as such is a disclosing entity under the Corporation Act 2001. Under the Corporation Act 2001 and ASX Listing Rules the Board has a number of disclosure obligations. The Board adopted and disclosed a new Continuous Disclosure Policy in September 2013 that is reviewed annually to ensure that all disclosure obligations are met. The last annual review occurred in September 2020.

Kangaroo Island Plantation Timbers Ltd is committed to ensuring that our security holders and the market are provided with full and timely information about the Company's operations pursuant to its culture of transparency.

This Policy provides a framework of principles which empower our people to make decisions on behalf of Kangaroo Island Plantation Timbers Ltd. The Disclosure Policy is available on the Company website.

Policy Objectives

1. To establish a vetting and authorisation process designed to ensure that Company announcements:
 - are accurate;
 - are made in a timely manner;
 - are factual;
 - do not omit material information; and
 - are expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions.
2. To establish a process to promote understanding of compliance within the Company.
3. To safeguard the confidentiality of corporate information to avoid premature disclosure.

In respect to Periodic Disclosure, the Listing Rules and guidelines require that the Board will ensure that the Security Holders and the market are periodically provided with all information necessary to assess the performance of the Company and the Directors. Information to allow investors to monitor the performance of the Company is communicated by means of:

- the Annual Report which is available for distribution to all Security holders;
- the Interim Report which is available for distribution to all Security holders;
- periodic reports and special reports when matters of material interest arise;
- the Annual General Meeting and other meetings called to obtain approval of any Board action as required; and
- The Company's website.

5.2 Market Announcements

Each director is automatically sent a copy of each market announcement immediately after they have been made via the ASX platform. This ensures the Board has timely visibility of the nature and quality of the information being disclosed to the market and the frequency of such disclosures.

5.3 Substantive Presentations

When the Company gives a new and substantive investor or analyst presentation it will release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.

The release of substantive presentations will ensure equality of information among investors and will apply regardless of whether the presentation contains new material information required to be disclosed under listing rule 3.1.



Corporate Governance Statement

PRINCIPLE 6: Respect the rights of security holders

6.1 INFORMATION ON WEBSITE

The Company provides information about itself and its governance via its website. The Company's website contains information of the Company's:

- operations and history; and
- Corporate Governance matters including the details of Board Members and Key Executives; Corporate Governance Statement; all corporate governance documents noted in this Statement; Annual and Interim Reports; ASX releases link (including notices of meetings and copies of any materials distributed at investor or analyst presentations).

The information is available on the Company's website www.kipt.com.au

6.2 INVESTOR RELATIONS PROGRAM

The Board adopted an Investor Relations Program (previously Communication Policy) in September 2013 that is reviewed annually. The last annual review occurred in September 2020.

This Program aims to ensure that effective communication between the Company and its investors is maintained, and ready, equal and timely access to clear and balanced information about the Company (including its financial performance, strategic plans, material developments, governance and risk profile) is available to the investors to enable them to exercise their rights in an informed manner.

The Company seeks opportunities to engage with retail investors and the organisations that represent them, to understand the matters of concern or interest to investors. Where significant comments or concerns are raised by investors or their representatives, they should be conveyed to the Board and senior management team.

The Board is responsible for maintaining an ongoing dialogue with, and promoting effective and timely dissemination of information to, the security holders and the investing public.

6.3 FACILITATE AND ENCOURAGE PARTICIPATION IN SHAREHOLDERS MEETINGS

The Company holds its AGM each year. Shareholders are encouraged to participate in general meetings. Shareholders who are unable to attend a General Meeting in person are encouraged to vote on the proposed motions by appointing a proxy.

The Company encourages Shareholders to attend general meetings, even if they are unable to travel due to COVID-19 restriction, using virtual webcasting of general meetings that enable Shareholders to vote and ask questions virtually. The Company will continue to offer this service, subject to costs not being prohibitive.

6.4 SUBSTANTIVE RESOLUTIONS BY POLL

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

6.5 FACILITATE ELECTRONIC COMMUNICATIONS

The Company provides its investors the option to receive communications from and send communications to, the Company and the share registry electronically. The Company's size means that the Company's share register provider, Computershare, provides electronic communications to security holders however the Company itself does not provide any on-line portals to security holders.



Corporate Governance Statement

PRINCIPLE 7: Recognise and manage risk

7.1 RISK COMMITTEE

The Board determines the Company's risk profile and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control. The Audit and Risk Committee (refer to 4.1 above for further details including membership and meetings) oversees the process for identifying and managing material risks. The Company's process of risk management and internal compliance and control includes:

- Establishing the Company's goals and objectives, and implementing and monitoring strategies and policies to achieve these goals and objectives;
- Continuously identifying and measuring risks that might impact upon the achievement of the Company's goals and objectives, and monitoring the environment for emerging factors and trends that affect these risks;
- Formulating risk management strategies to manage identified risks and designing and implementing appropriate risk management policies and internal controls; and
- Monitoring the performance of, and continuously improving the effectiveness of, risk management systems and internal compliance and control, including an annual assessment of the effectiveness of risk management and internal compliance and control.

To this end, comprehensive practices are in place that are directed towards achieving the following objectives:

- Effectiveness and efficiency in the use of the Company's resources;
- Compliance with applicable laws and regulations; and
- Preparation of reliable published financial information.

Recognising and managing risk is a crucial part of the role of the Board and management. The responsibility for undertaking and assessing risk management and internal control effectiveness is delegated to management. Management is required by the Board to assess risk management and associated internal compliance and control procedures and report back on the efficiency and effectiveness of risk management.

Responsibility for the Company's risk management framework rests with the Board. The Audit and Risk Committee is an efficient and effective mechanism to bring the transparency, focus and independent judgement needed to oversee the Company's risk management framework.

The role of the Audit and Risk Committee is to:

- monitor management's performance against the Company's risk management framework, including whether it is operating within the risk appetite set by the board;
- review any material incident involving fraud or a break-down of the Company's risk controls and the "lessons learned";
- receive reports from internal audit on its reviews of the adequacy of the Company's processes for managing risk;
- receive reports from management on new and emerging sources of risk and the risk controls and mitigation measures that management has put in place to deal with those risks;
- make recommendations to the Board in relation to changes that should be made to the Company's risk management framework or to the risk appetite set by the board; and
- oversee the Company's insurance program, having regard to its business and the insurable risks associated with its business.



Corporate Governance Statement

7.2 ANNUAL RISK REVIEW

The Audit and Risk Committee reviews the Company's risk management practices, and the risk register annually, to monitor the adequacy of the risk management framework and satisfy itself that it continues to be sound and that the Company is operating with due regard to the risk appetite set by the Board. The last annual review occurred in September 2020.

Regular review by the Board and the committee includes satisfying itself that the risk management framework deals adequately with contemporary and emerging risks such as conduct risk, digital disruption, cyber-security, privacy and data breaches, sustainability and climate change.

From time to time circumstances may dictate that the Company needs to operate outside of the current risk appetite set by the Board. Where that occurs, the matter is brought to the attention of the Board.

7.3 INTERNAL AUDIT

Best practice recommends that the Company establish an internal audit function. The Company is not of a size to warrant an internal audit function. The CFO and Audit and Risk Committee Chair have both previously been auditors. The Chair has reviewed internal controls and is satisfied that an internal audit function is not yet required. The need for such a function will be periodically reviewed.

7.4 ENVIRONMENTAL OR SOCIAL RISKS

The Company identifies and manages material exposure to environmental or social sustainability risks as part of its risk management practices. All material risks are recorded in a risk register. The Company does not publish a sustainability report.



Corporate Governance Statement

PRINCIPLE 8: Remunerate fairly and responsibly

8.1 REMUNERATION COMMITTEE

In view of the size of the Group, the directors have considered that establishing a nomination and remuneration committee would contribute little to its effective management and accordingly all directors participate in decisions regarding the nomination and election of new Board members.

The processes employed by the Company for setting the level and composition of remuneration for directors and members of senior management and for ensuring that such remuneration is appropriate and not excessive is disclosed at 8.2 below.

The Board has a formal, rigorous and transparent process for developing remuneration policy and for fixing remuneration packages for directors and senior executives. No individual director or member of senior management is involved in deciding his or her own remuneration.

8.2 DISCLOSURE OF REMUNERATION POLICIES AND PRACTICES

Remuneration philosophy and structure

The Company has structured remuneration packages for its executives and directors in order to attract and retain people with the necessary qualifications, skills and experience to assist the Company in achieving its desired results.

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high-quality Board and Executive Team by remunerating directors and key executives fairly and appropriately with reference to relevant employment market conditions. The expected outcomes of the remuneration structure are:

- Retention and motivation of key executives;
- Attraction of high-quality management to the Company; and
- Performance incentives that allow executives to share in the success of Kangaroo Island Plantation Timbers Ltd.

For a full discussion of the Company's remuneration philosophy and framework, and details of the remuneration received by directors and executives in the current period, please refer to the Remuneration Report, which is contained within the Directors' Report.

There is no scheme to provide retirement benefits to non-executive directors.

8.3 POLICY OF HEDGING EQUITY BASED REMUNERATION SCHEMES

The Directors' and Managing Director's remuneration and fees to the CFO are primarily paid in cash. The directors' fee and payment manner will be reviewed when circumstances change, any proposed changes will require security holder approval.

The Shareholders have previously approved the following:

- Non-executive cap \$400,000 fixed remuneration;
- Directors' and Executive Director's fixed remuneration to be paid in cash; and
- to augment directors' existing remuneration through the issue of performance rights, triggered by meeting certain thresholds in the volume-weighted average price (VWAP) of the Company's shares.

See the Remuneration Report in the Annual Report for further details of remuneration policies.

Executives are prohibited from entering into transactions to hedge or limit the economic risk of the securities.

The overall objective is to ensure maximum shareholder benefit from the retention of a quality Board and Senior Management Team.

There are no other equity incentive schemes.