

**Papyrus Australia Ltd**  
**ABN 63 110 868 409**  
**Corporate Governance Statement**  
**30 June 2020**

At the date of this statement the Board consists of the following directors:

Mr Edward Byrt, Non-Executive Chairman, Mr Ramy Azer, Managing Director, Mr Steve Howe Non-Executive Director, Mr Vincent Rigano, Non-Executive Director/Company Secretary.

The Board considers this to be an appropriate composition given the size and development of the Group at the present time and continually assesses the composition of the Board to ensure its membership maintains a combination of skills and experience that ensure the Board has the expertise to meet both its responsibilities to stakeholders and its strategic objectives. The names of directors including details of their qualifications and experience are set out in the Directors' Report of the Annual Report and also available on the Company's website: [www.papyrusaustralia.com.au](http://www.papyrusaustralia.com.au)

*Independence*

The Board is conscious of the need for independence and ensures that where a conflict of interest may arise, the relevant Director(s) leave the meeting to ensure a full and frank discussion of the matter(s) under consideration by the rest of the Board. Those Directors who have interests in specific transactions or potential transactions do not receive Board papers related to those transactions or potential transactions, do not participate in any part of a Directors' meeting which considers those transactions or potential transactions, are not involved in the decision making process in respect of those transactions or potential transactions, and are asked not to discuss those transactions or potential transactions with other Directors.

Directors of the Company 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 judgment.

The Board has accepted the following definition of an independent Director:

An independent director is a director who is not a member of management, is a Non-Executive Director and who:

- is not, or has not been, employed in an executive capacity by the Group and there has been a period of at least three years between ceasing such employment and serving on the Board;
- is not, or has not within the last three years been, a partner, director or senior employee of a provider of material professional services to the Group;
- is not, or has not within the last three years been, in a material business relationship (eg as a supplier or customer) with the Group, or an officer or, or otherwise associated with, someone with such a relationship;
- is not a substantial security holder of the entity or an officer of, or otherwise associated with, a substantial security holder of the entity;
- does not have a material contractual relationship with the Group other than as a director; or
- has not been a director of the entity for such a period that his or her independence may have been compromised. Mr Steve Howe and Mr Vincent Rigano are Non-Executive Directors and have no other material relationships with the Group other than his directorship. The Group therefore has two independent directors during the year as those relationships are defined.

The Board considers its current structure to be an appropriate composition of the required skills and experience, given the experience of the individual Directors and the size and development of the Company at the present time. Each individual member of the Board is satisfied that whilst the Company may not comply with Recommendation 2.4, all Directors bring an independent judgment to bear on Board decisions.

The Company's Chairman, Mr Edward Byrt is not an independent director, due to his shareholding, but he does not fulfill the role of CEO. The Company therefore has not complied with recommendation 2.5 of the Corporate Governance Principles and Recommendations. The Company believes this to be appropriate at this time given the size and nature of the Company's operations, but will continue to consider the composition of the board in the future.

The Company does not maintain a formal program for inducting new Directors, however the Company Secretary ensures all new directors receive adequate information and documentation on appointment. The Company also ensures that appropriate professional development opportunities are provided to directors to ensure they develop and maintain the skills and knowledge needed to perform their role as directors effectively.

**Principle 3: Act lawfully, ethically and responsibly**

The Company has developed a Code of conduct (the Code) which has been fully endorsed by the Board and applies to all directors and employees. The Code is regularly reviewed and updated as necessary to ensure it reflects the highest standards of behavior and professionalism and the practices necessary to maintain confidence in the group's integrity and to take into account legal obligations and reasonable expectations of the Company's stakeholders.

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In summary, the Code requires that at all times all Company personnel act with the utmost integrity, objectivity and in compliance with the letter and the spirit of the law and company policies.

**Principle 4: Safeguard integrity in corporate reporting**

*Audit Committee (the Committee)*

The Committee consists of the following directors:

Mr Vincent Rigano (Committee Chair) (Non-Executive Director) Mr Edward Byrt (Non-Executive Chairman), Mr Steve Howe (Non-Executive Director) and Mr Ramy Azer (Managing Director)

Mr Vincent Rigano is independent member; the chair of the Committee is not the chair of the Board; however, the independent members do not comprise the majority of the Committee, therefore the Group does not comply with recommendation 4.1(a) (1) of the Corporate Governance Principles and Recommendations. As all four Directors are also members of the audit committee, and given the size of the Company, the Board deems the composition of the Committee appropriate at this time.

The relevant qualifications and experience of each of the members of the Committee can be found in the director profiles contained within the Company's Annual Report and on the Company's website at: [www.papyrusaustralia.com.au](http://www.papyrusaustralia.com.au). All members of the Audit Committee are financially literate and have an appropriate understanding of the industries in which the group operates.

The number of times the Committee met throughout the period and the individual attendance of the members at those meetings are outlined within the Annual Report.

The Audit Committee does not have a formal charter and has therefore not complied with recommendation 4.1(3) of the Corporate Governance Principles and Recommendations. The Board believes this is appropriate given the size of the Company and the composition of the Committee.

The Audit Committee has authority, within the scope of its responsibilities, to seek any information it requires from any employee or external party.

The Chairman and Company Secretary have certified to the Board that the financial statements are founded on a sound system of risk management and internal control and that the system is operating efficiently and effectively in all material respects. This declaration is provided to the Board before it approves the Company's financial statements for a financial period, and declares that in their opinion, the financial records of the Company have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity.

*External auditors*

The Company and Board Policy, is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs. Grant Thornton Audit Pty Ltd ('Grant Thornton') was appointed as the external auditor at the Company's AGM in 2012. It is Grant Thornton's policy to rotate audit engagement partners on listed companies in accordance with the requirements of the Corporations Act 2001, which is generally after five years, subject to certain exceptions.

The amount of fees paid to the external auditors is provided in a note to the financial statements. It is the policy of the external auditors to provide an annual declaration of their independence to the Committee.

The external auditor will attend the Annual General Meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

**Principle 5: Make timely and balanced disclosure**

*Continuous disclosure*

The Company has a policy that all the Company Shareholders and investors have equal access to the Company's information. The Board will ensure that all price sensitive information is disclosed to the ASX in accordance with the continuous disclosure requirements of the Corporations Act and the ASX Listing Rules.

The Board strives to ensure that security holders are provided with sufficient information to assess the performance of the Group and its Directors and to make well-informed investment decisions. The Company provides all information about itself and its corporate governance via its website at: [www.papyrusaustralia.com.au](http://www.papyrusaustralia.com.au)

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**Corporate Governance Statement**  
**30 June 2020**

**Principle 6: Respect the rights of security holders**

*Investors relations and member participation*

The Company does not have a formal shareholder communication policy which is not in compliance with recommendation 6.2 of the Corporate Governance Principles and Recommendations.

Shareholders are encouraged to participate at all Annual General Meetings and other General Meetings of the Company. Upon the dispatch of any notice of meeting to Shareholders, the Company Secretary shall send out material with that notice of meeting stating that all Shareholders are encouraged to participate at the meeting. The meetings shall also be conducted to allow questions and feedback to the Board and management of the Company.

The Company aims to promote effective communication to and from shareholders. At this time Members of the Company cannot register to receive email notifications when an announcement is made by the Company to the ASX, which is a departure from recommendation 6.3 of the Corporate Governance Principles and Recommendations; however Members are encouraged to contact the company via their website or directly to the registered office. Members are also encouraged to register with the Company's share register to communicate electronically.

**Principle 7: Recognise and manage risk**

The Board has identified the significant areas of potential business and legal risk of the Company.

The identification, monitoring and, where appropriate, the reduction of significant risk to the Company is the responsibility of the Board. The Board has also established an Audit, Risk and Compliance Committee which addresses the risks to the Company.

The Board will review and monitor the parameters under which such risks will be managed. Management accounts will be prepared and reviewed at Board meetings. Budgets will be prepared and compared against actual results.

The Board is responsible for satisfying itself annually, or more frequently as required, that management has developed and implemented a sound system of risk management and internal control, a review took place during the reporting period.

The Company does not have an internal audit function due to the size and nature of the Group, however the Audit, Business Risk and Compliance Committee is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. They monitor the Company's risk management by overseeing management's actions in the evaluation, management, monitoring and reporting of material operational, financial, compliance and strategic risks. In providing this oversight, the Audit Committee and the Board:

- reviews the framework and methodology for risk identification, the degree of risk the Company is willing to accept, the management of risk and the processes for auditing and evaluating the Company's risk management system;
- reviews group-wide objectives in the context of the abovementioned categories of corporate risk;
- reviews and, where necessary, approves guidelines and policies governing the identification, assessment and management of the Company's exposure to risk;
- reviews and approves the delegations of financial authorities and addresses any need to update these authorities on an annual basis, and
- reviews compliance with agreed policies.

The Committee recommends any actions it deems appropriate to the board for its consideration.

Management is responsible for designing, implementing and reporting on the adequacy of the Company's risk management and internal control system and has to report to the Board on the effectiveness of:

- the risk management and internal control system during the year, and
- the company's management of its material business risks.

*Securities Trading Policy*

The Company has established a policy concerning trading in the Company's shares by the Company's officers, employees and contractors and consultants to the Company while engaged in work for the Company ("Representatives").

This policy provides that it is the responsibility of each Representative to ensure they do not breach the insider trading prohibition in the Corporations Act. Breaches of the insider trading prohibition will result in disciplinary action being taken by the Company.

**Papyrus Australia Ltd**  
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**Corporate Governance Statement**  
**30 June 2020**

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Representatives must also obtain written consent from the Chairman (or, in the case of the Chairman, from the Board) prior to trading in the Company's securities.

Subject to these restrictions, the policy provides that Directors, the Company Secretary and employees of, or contractors to, the Company that have access to the Company's financial information are permitted to trade in the Company's securities throughout the year except during the following periods:

- a) the period between the end of the March and September quarters and the release of the Company's quarterly report to ASX for so long as the Company is required by the Listing Rules to lodge quarterly reports;
- b) the period between the end of the June quarter and the release of the Company's annual report to ASX; and
- c) the period between the end of the December quarter and the release of the Company's half year report to ASX.

In exceptional circumstances the Board may waive the requirements of the Share Trading Policy to allow Representatives to trade in the shares of the Company, provided to do so would not be illegal.

Directors must advise the Company Secretary of changes to their shareholdings in the Company within two business days of the change.

The Securities Trading Policy can be viewed on the ASX announcements tab at [www.asx.com.au](http://www.asx.com.au).

*Exposure to material economic, environmental and social sustainability risk*

The Company's policy is to identify and manage potential or apparent business, economic, environmental and social sustainability risks (if appropriate). The Company at present has not identified specific material risk exposure in these categories. Review of the Company's risk management policy is conducted at least annually and reports are continually created by management on the efficiency and effectiveness of the Company's risk management framework and associated internal compliance and control procedures.

**Principle 8: Remunerate fairly and responsibly**

The Chairman and the Directors are entitled to draw Directors fees and receive reimbursement of reasonable expenses for attendance at meetings. The Company is required to disclose in its annual report details of remuneration to Directors. The maximum aggregate annual remuneration which may be paid to Non-Executive Directors is \$300,000. This amount cannot be increased without Shareholder approval.

The Board has not established a Remuneration Committee, as given the size of the Group and number of employees, it is not considered that this is required at this time. The Board therefore fulfils the duties of the committee.

Every employee of the Group signs a formal employment contract at the time of their appointment covering a range of matters including their duties, rights, responsibilities and any entitlements on termination. The standard contract refers to a specific formal job description. This job description is reviewed by the remuneration committee on an annual basis and, where necessary, is revised in consultation with the relevant employee.

Further information on directors' and executives' remuneration, including principles used to determine remuneration, is set out in the directors' report under the heading 'Remuneration report' included within the Annual Report. In accordance with Group policy, participants in equity-based remuneration plans are not permitted to enter into any transactions that would limit the economic risk of options or other unvested entitlements.

# Papyrus Australia Ltd

ABN 63 110 868 409

## Directors' Report

30 June 2020

The Directors present their report, together with the financial statements of the Group, being Papyrus Australia Ltd (the Group) and its controlled entities, for the financial year ended 30 June 2020.

### DIRECTORS

The names and details of the company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Mr Edward Byrt, Chairman  
Mr Ramy Azer, Managing Director  
Mr Steve Howe, Non-Executive Director, (Appointed 7 September 2020)  
Mr Vincent Peter Rigano, Non-Executive Director

#### **Edward Byrt**, LLB (Non-Executive Chariman)

Ted Byrt is a company director with over 30 years' experience in commerce, corporate governance and international business. He is a specialist strategic advisor for major development and infrastructure projects within Australia and offshore.

Ted is a business advisor and Board member of several leading organisations in South Australia. He was until March 2017 Presiding Member of the Development Assessment Commission, he is Chairman of the China Cluster, The Australian Advanced Manufacturing Centre Pty Ltd, Red Chip Photonics Pty Ltd and Arkwright Technologies Pty Ltd, he was until December 2017 a Director of Treyo Leisure & Entertainment Ltd (ASX listed) and he is a Board member of the Aboriginal Foundation of South Australia Inc. He is also a member of the Company's Audit committee and has been a Director of Papyrus since 2004.

Ted is not (currently or in the previous 3 years) a director of any other listed companies.

#### **Ramy Azer**, MSTC, MSc (Eng), Grad Dip Bus, Bachelor of Engineering (Mechanical), (Managing Director)

Ramy Azer is the founder and developed the Company's technology. He has been a regular guest lecturer and speaker on issues including sustainable business development and innovation. Ramy has been Managing Director since 2005 and prior to that had 10 years' experience with Papyrus Technology Pty Ltd.

Ramy is not (currently or in the previous 3 years) a director of any other listed companies.

#### **Steve Howe**, (Non-Executive Director)

Steve Howe has over 50 years' management experience in commerce, information technology and international business. He is respected for his innovation, business acumen and achievement record and has consulted to corporate clients such as Elders Ltd, Coopers Brewery Ltd and Adelaide Brighton Ltd.

Steve has been a director and chairman of a number of companies and is passionate about corporate governance. He understands business processes from an operational, executive management and board level perspective, in particular their impact on the bottom line.

Steve is not (currently or in the previous 3 years) a director of any other listed companies.

#### **Vincent Peter Rigano**, BA Accounting, CPA (Non-Executive Director and Company Secretary)

Vince is a CPA with over 25 years' experience in corporate accounting, management consulting and company secretarial. Vince was company secretary for a number of years for Papyrus.

Vince provides management accounting and consulting services to a variety of industry sectors including start-ups.

He is also a member of the Company's Audit Committee.

Vince is not (currently or in the previous 3 years) a director of any other listed companies.

# Papyrus Australia Ltd

ABN 63 110 868 409

## Directors' Report

30 June 2020

### PRINCIPAL ACTIVITIES AND SIGNIFICANT CHANGES IN NATURE OF ACTIVITIES

The Group's commercialisation strategy remains focused on being a technology licensing Group assisting suitable entities to establish banana veneering and panel production factories in locations worldwide where bananas are grown.

There have been no significant changes in the nature of those activities during the year.

### OPERATING RESULTS

The loss of the consolidated group after providing for income tax amounted to \$133,735 (2019: \$109,781).

### INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY AND RELATED BODIES CORPORATE

As at the date of this report, the interests of the directors in the shares and options of Papyrus Australia Ltd were:

	Number of Ordinary Shares	Number of Options over Ordinary Shares
Mr Edward Byrt	25,799,481	-
Mr Ramy Azer	48,685,253	-
Mr Steve Howe	183,864	-
Mr Vincent Peter Rigano	11,830,445	1,000,000

### DIVIDENDS

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

### OPERATIONS REVIEW

The Company's essential activities for the financial year 2019/2020 were to support the Egyptian Banana Fibre Company (EBFC) to develop the banana fibre business being undertaken in Sohag, Egypt.

In addition to the production of banana veneer and banana fibre for subsequent processing and manufacture to produce saleable products, the Company through the direction of the Managing Director, Ramy Azer has guided and undertaken the development of a new agricultural product from banana fibre equivalent to "peat" otherwise imported into Egypt for application to deficient soils.

Mr. Azer has also reported that another new agriculturally beneficial product branded "Musa" is being produced in Sohag. This product is a nutrient rich liquid fertilizer drawn from the liquid naturally occurring in the banana tree. Acceptance and demand for the product continues to grow.

The Company maintains its preferred commercialisation strategy to be a technology licensing company assisting suitable entities to establish banana veneering and fibre production factories in locations worldwide where bananas are grown, validated by the successful project in Egypt, but acknowledges that it may be essential to first participate in the establishment of banana veneering and fibre production facilities to give comfort to prospective participants such as has been required in Egypt.

The plan is that the Company's revenue will be generated from technology licensing fees, machinery sales, support services and dividends from any joint venture undertaken starting with the project in Egypt. The Company acknowledges that it must first participate collaboratively with others as it is doing in Egypt to get the initial fibre production facilities operational and fully commissioned to satisfy concerns about the risks believed to be associated with being the first to undertake the manufacture of banana fibre product.