

2023 Corporate Governance Statement

OVERVIEW

The Board of Lark Distilling Co. Ltd (the **Company, Lark or Group**) is responsible for the overall corporate governance of the Group. The Board believes that good corporate governance helps ensure the future success of the Company, adds value to stakeholders and enhances investor confidence.

The ASX Listing Rules require listed companies to prepare a statement disclosing the extent to which they have complied with the recommendations of the ASX Corporate Governance Council (**Recommendations**) during the reporting period. The Recommendations are not prescriptive, such that if a company considers a recommendation to be inappropriate having regard to its own circumstances, it has the flexibility not to follow it. Where a company has not followed all the Recommendations, it must identify which Recommendations have not been followed and provide reasons for not following them.

This Corporate Governance Statement (**Statement**) discloses the extent to which Lark Distilling Co. Ltd has followed the Recommendations, or where appropriate, indicates a departure from the Recommendations with an explanation. This Statement should be read in conjunction with the material on our website <https://larkdistillery.com/pages/investors>, including the 2023 Annual Report.

This Statement is current as at 28 August 2023 and has been approved by the Board of Directors of Lark Distilling Co. Ltd.

ETHICAL STANDARDS, INTEGRITY AND CULTURE

The purpose and values are reflective of the Company’s culture, behaviours and future direction.



PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Recommendation 1.1 - Role of the Board and Management

The role of the Board is to approve the strategic direction of the Group, guide and monitor the management of the Company and its businesses and oversee the implementation of appropriate corporate governance with respect to the Group's affairs. The Board aims to protect and enhance the interests of its shareholders, while considering the interests of other stakeholders, including employees, customers, suppliers and the wider community.

The Board has a formal Board Charter which is available on the Company's website at <https://larkdistillery.com/pages/investors> that clearly sets out those matters expressly reserved for the Board's determination and those matters delegated to management.

The Board delegates responsibility for the day-to-day management of the Company and its businesses to the Chief Executive Officer (**CEO**). The CEO is supported by the senior executive team and delegates authority to appropriate senior executives for specific activities and transactions via a formal 'delegations of authority'. The Board maintains ultimate responsibility for strategy, control and risk profile of the Group.

Recommendation 1.2: Appointment of Directors

The Company has guidelines for the appointment and selection of the Board which require the Board to undertake appropriate checks before appointing a person or putting forward to security holders a candidate for election, as a director.

We provide our shareholders with all material information in our possession that is relevant to their decision on whether or not to elect or re-elect a Director through a number of channels, including via the notice of meeting and other information contained in the 2023 Annual Report.

Recommendation 1.3: Appointment Terms

Upon appointment, each Director receives a letter of appointment which sets out the formal terms of their appointment. Directors also receive a deed of indemnity, insurance and access.

Each senior executive has a written contract with the Company, setting out the terms of his or her appointment, including remuneration entitlements and performance requirements.

Recommendation 1.4: Company Secretary

The Board is supported by its Company Secretary, whose role includes supporting the Board on governance matters, assisting the Board with meetings and directors' duties, and acting as an interface between the Board and senior executives across the Group. The Board and individual Directors have access to its Company Secretary.

Under the Company's governance framework, the Company Secretary is accountable to the Board, through the Chair, on all matters regarding the proper functioning of the Board. The Board is responsible for the appointment of the Company Secretary.

Details regarding our Company Secretary, including experience and qualifications, is set out in the Directors' Report in our 2023 Annual Report.

Recommendation 1.5: Diversity Policy

The workforce of the Company comprises individuals with diverse skills, backgrounds, perspectives and experiences and this diversity is valued and respected. To demonstrate the Company's commitment to developing measurable objectives to achieve diversity and inclusion in its workplace, the Company has implemented a Diversity Policy which can be viewed at <https://larkdistillery.com/pages/investors>. The Company's policy has meritocracy as a guiding principle and seeks to align the Company's management systems with its commitment to continue to develop a culture that values and achieves diversity in its workforce and on its Board.

The Board and management consider building a diverse and inclusive workforce as paramount to gaining the best insight into the needs of our customers and stakeholders. A diversity of perspectives and backgrounds also strengthens creativity and innovation in teams. Particular focus is paid to achieving a balance of professionals in senior management positions across the Group.

The proportion of women on the Board, in senior executive positions and women across the entire organisation as at 30 June 2023 was as follows:

- Women on the Board – 25.00%
- Women in senior executive positions – 10%
- Women across the entire organisation – 31%

Due to the current size and composition of the organisation the Board does not consider it appropriate to provide measurable objectives at this time. However, the Company is committed to cultivating an inclusive workplace of fairness and equality which fosters the unique skills and talents of a diverse range of people and to encourage diversity in skill set, experience, qualifications and age of our workforce.

Recommendation 1.6: Board and Committee Performance Assessment

The Board is committed to formally evaluating its performance, the performance of its Committees (if applicable) and individual Directors, as well as the governance processes supporting the Board. The Board does this through an annual assessment process.

The review process involves:

- completion of a questionnaire/survey by each Director, facilitated by the Company Secretary;
- the preparation and provision of a report to each Director with feedback on the performance of the Board based on the survey results; and
- the Board meeting to discuss any areas and actions for improvement.

An internal Board assessment took place in June 2023. An analysis of the data collected indicated that the Board is functioning effectively against the majority of its criteria. It was also noted that there were some opportunities identified to improve Board effectiveness.

Recommendation 1.7: Senior Executive Performance Assessment

Senior Executives are appointed by the CEO and their Key Performance Indicators (**KPI's**) contain specific financial and non-financial objectives. These KPI's are reviewed annually by the CEO. The performance of each Senior Executive against these objectives is evaluated annually. In the case of the CEO, this review is conducted by the Chair and the results are reported to the Board.

Performance evaluations were undertaken during the reporting period by the Company in accordance with the process.

PRINCIPLE 2 – BOARD STRUCTURE

Recommendation 2.1: Nomination Committee

The Company has previously established a Remuneration and Nomination Committee, however due to the current size of the Board, the Board fulfills the roles and responsibilities in relation to nomination. The duties of the Board in relation to nomination are the same that would otherwise be fulfilled by a Nomination Committee to address any issues and continuously review the range of skills, knowledge, experience, independence and diversity to ensure that the Board can discharge its duties and responsibilities effectively.

The Board undertook the functions of the Nomination Committee during the course of its general Board meetings. The Company does not meet this Recommendation in its entirety.

Recommendation 2.2: Board Skills Matrix

Our objective is to have an appropriate mix of expertise and experience on our Board so that it can effectively discharge its

corporate governance and oversight responsibilities. It is the Board's view that the current directors possess an appropriate mix of relevant skills, experience, expertise and diversity to enable the Board to discharge its responsibilities and deliver the Company's strategic objectives. This mix is subject to review on a regular basis as part of the Board's performance review process.

The skills and experience represented in the Board and relevant to the Company's business are set out in the matrix below and following the Company's annual performance and skills review, it is satisfied that it meets expectations in all of these categories:

Skills and experience

Strategy and Leadership	Stakeholder communication and engagement
Policy Development	Project Management
Corporate Governance	Operational Leadership
Financial analysis & capital markets expertise	Global Experience
Risk and compliance oversight	Technology
People management	Critical and Innovative thinking
Commercial Experience	Negotiation and Influence
Legal and Regulatory approval	Enabling Innovation and Technology
Health, Safety, Social and Environmental responsibility	

To the extent that any skills are not directly represented on the Board, they are augmented through management and external advisors. Full details of each Directors' relevant skills and experience are set out in the Company's 2023 Annual Report.

Recommendation 2.3: Independent Directors

An independent director is a Non-Executive Director who is not a member 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 independent exercise of judgement.

The Board regularly assesses the independence of each Non-Executive Director in light of the information which each Director is required to disclose in relation to any material contract or other relationship with the Company in accordance with the Director's terms of appointment, the Corporations Act 2001, the Board Charter.

When appointing an independent director or reviewing the independence of its Directors', the Board will have regard to the definition of independent director and the factors set out in the Recommendations, in particular the factors relevant to assessing the independence of a director set out in Recommendation 2.3.

The Board's assessment of each current Director is set out below.

Name	Position	Appointment Date	Status
David Dearie	Non-Executive Chair	20 May 2019	Independent
Warren Randall	Non-Executive Director	21 May 2019	Independent
Laura McBain	Non-Executive Director	1 June 2020	Non-Independent
Domenic Panaccio	Non-Executive Director	1 March 2022	Independent

The Board considers that David Dearie, Warren Randall and Domenic Panaccio are free from any business or any other relationship that could materially interfere with, or reasonably be perceived to interfere with, the exercise of their unfettered and independent judgement and is able to fulfil the role of independent director for the purpose of the Recommendations.

Laura McBain is considered by the Board not to be independent as she has been appointed as an Executive Director of the Company in the past 3 years.

Recommendation 2.4: Majority Independence

As at the date of this Statement, one of our four Directors' are deemed non-independent. The current Board composition

reflects an appropriate balance of skills, expertise and experience to fulfil its obligations to act in the best interests of the Company and all stakeholders. The Board also considers that there are appropriate safeguards in place including policies and protocols to ensure independent thought and decision making.

It is noted that the composition of the Board will be reassessed in the future in line with changes in the Group's operations and will be adjusted as deemed appropriate. The Board will consider the Recommendations in assessing any future changes in board composition.

Further information regarding our Directors', including their experience and qualifications, is set out in the Directors' Report of our 2023 Annual Report.

Recommendation 2.5: Board Chair

The Chair, Mr David Dearie, was appointed to the position on 25 November 2019 and is considered an independent Director.

The Chair provides leadership to the Board in relation to all Board matters and is responsible for ensuring that the Board meets its responsibilities under the Board Charter. His role is set out in more detail in the Board Charter.

The roles of Chair and CEO are exercised by different individuals, being Mr David Dearie and Mr Satya Sharma respectively.

Recommendation 2.6: Induction, Education and Training

New Directors are provided with copies of all relevant documents and policies governing the Company's business, operations and management, at the time of joining the Board. All Directors are provided with ongoing professional development and training opportunities to enable them to develop and maintain their skills and knowledge. Directors are also encouraged to personally undertake appropriate training and refresher courses as appropriate to maintain the skills required to discharge their obligations to the Company.

PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY

Recommendation 3.1: Statement of Values

The Company's purpose and values are the guiding principles and norms that outline the future direction and expected behaviours from the Company's Directors, senior leaders, staff and those who the Company seeks to work with.

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| 1. INTEGRITY: | We act with honesty, respect and kindness; recognising trust is earned; |
| 2. PASSION: | We have incredible pride and passion in everything we create and do; |
| 3. OWNERSHIP: | We have an entrepreneurial owner's mentality; welcoming curiosity, agility and daring to dream; |
| 4. UNITED: | We are one integrated and agile team, and our success comes by putting consumers, customers and community first; and |
| 5. RESULTS: | We are, and hold each other accountable taking results personally – we deliver. |

The Company's Executive Team are responsible for instilling these values across the organisation.

Recommendation 3.2: Code of Conduct

The Board recognises the need to observe the highest standards of corporate practice and business conduct. Accordingly, the Board has adopted a Code of Conduct (**Code**) designed to:

- provide a benchmark for professional behaviour throughout the Group;
- support the Company's business reputation and corporate image; and
- make Directors' and employees aware of the consequences if they breach the Code.

The Code can be found on our website at <https://larkdistillery.com/pages/investors>. The key aspects of this Code are to:

- act fairly with honesty and integrity in the best interests of the Company and in the reasonable expectations of shareholders;

- act in accordance with all applicable laws, regulations, and the Company policies and procedures;
- have responsibility and accountability for individuals for reporting and investigating reports of unethical practices; and
- use the Company's resources and property properly.

The Code sets out the Company's policies on various matters including ethical conduct, business conduct, compliance, privacy and security of information.

Recommendation 3.3: Whistleblower Policy

The Whistleblower Policy demonstrates that the Company is committed to the highest standards of conduct and ethical behaviour in all of its business activities. The Company supports a culture of honest and ethical behaviour in ensuring good corporate compliance and governance. The policy sets out, amongst other things, instances of suspected misconduct which can be reported to the internal and external parties and summarises the protections offered to whistleblowers.

Any material breach of the Company's policies, including any breach of the Whistleblower Policy, is raised and reviewed at each Board Meeting.

The Whistleblower Policy is available on the Company's website <https://larkdistillery.com/pages/investors>.

Recommendation 3.4: Anti-bribery and Corruption Policy

The Anti-Bribery and Corruption Policy demonstrates that the Company is committed maintain high standards of integrity and accountability in conducting its business. The policy provides a framework of guidelines and principles to encourage ethical behaviour in the conduct of business.

Any material breach of the Company's policies, including any breach of the Anti-Bribery and Corruption Policy, is raised at each Board meeting or earlier if required.

The Anti-Bribery and Corruption Policy is available on the Company's website <https://larkdistillery.com/pages/investors>.

PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING

Recommendation 4.1: Audit Committee

The Company's Audit and Risk Committee Charter provides for the creation of an Audit and Risk Committee, with at least three members, a majority of whom are independent Directors, and which must be chaired by an independent Director who is not the Board Chair. The Audit and Risk Committee Charter is available on our website at <https://larkdistillery.com/pages/investors>

Due to the size of the Board during the past financial year, the Board fulfilled the roles and responsibilities in relation to audit for part of the financial year and undertook the function of the Audit Committee during the course of its general Board meetings. Following financial year end, the Audit Committee was reinstated and consists of three members, two of whom are considered to be independent Directors, being Mr Domenic Panaccio and Mr Warren Randall, and Ms Laura McBain, who is not considered to be an independent Director. The Committee is chaired by Mr Domenic Panaccio. All Directors have relevant experience as shown in the biographies in the Directors Report.

Details of meetings held by the Committee during the year and member attendance are set out in the 2023 Directors' Report.

In accordance with the Company's Audit and Risk Committee Charter the Committee has delegated responsibilities in relation to risk management which include assisting the Board to:

- review and monitor the integrity of the Company's financial reports and statements;
- monitor the performance and independence of the external auditor; and
- reviewing the consolidated accounts of the company.

As a result of the above, the Company has not complied in full with Recommendation 4.1 given it did not have an Audit Committee in place for the entirety of the past financial year, however it intends to comply with Recommendation 4.1 in the future subject to the Board's size and composition and given the Audit & Risk Committee has now been re-established from June 2023.

Recommendation 4.2: Assurances

The CEO and CFO provide an annual declaration to the Board prior to the Board's approval of the Company's full year financial results. This process was followed for the 2023 full year financial results, where the CEO and CFO provided a declaration to the Board that, in their opinion, the financial records 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 Group, and their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively. On this basis, the 2023 full year financial results were approved by the Board.

Recommendation 4.3: Verification of integrity of periodic corporate reports

Our external auditor is RSM Australia Partners (**RSM**). RSM attends our AGM and a representative is available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

RSM's independence declaration is contained in the Directors' Report in our 2023 Annual Report.

Any periodic corporate report the company releases to the market that is not audited or reviewed by an external auditor is reviewed and approved by the Board so that it is satisfied the report in question is materially correct, balanced and provides investors with appropriate information to make an informed investment decision. Following review by the Board of Directors the report is formally approved prior to release.

PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE

Recommendation 5.1: Continuous Disclosure Policy

We are committed to providing information to shareholders and to the market in a manner that is consistent with the meaning and intention of the ASX Listing Rules and the Corporations Act.

To comply with these obligations, the Board has adopted a Continuous Disclosure Policy, which is available on the Company's website at <https://larkdistillery.com/pages/investors>. This Continuous Disclosure Policy sets out the key obligations of directors and employees in relation to the Company's continuous disclosure requirements.

The Board has overarching responsibility for compliance with continuous disclosure obligations and Board approval is required for certain key matters (as set out in the Continuous Disclosure Policy) and matters may be referred to the Board for approval by the CEO or the Company Secretary.

The Board is committed to the promotion of investor confidence by ensuring that trading in the Company's securities takes place in an efficient, competitive and informed market and in compliance with our Securities Trading Policy (as applicable). In accordance with continuous disclosure obligations under the ASX Listing Rules, the Company has procedures in place to ensure that all price sensitive information is identified, reviewed by management and disclosed to the ASX in a timely manner. The Company website includes a link to all information disclosed to the ASX.

Recommendation 5.2: Provide Board with copies of all material market announcements

The Company ensures that its Board receives copies of all material market announcements prior to release to the market followed by immediate notification including announcement following each release to the market.

Recommendation 5.3: Investor Presentations

In accordance with the recommendation, the Company ensures that all substantive presentations are released to the market to enable security holders the opportunity to participate in the presentation.

PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS

Recommendation 6.1: Information and Governance

Information about the Company and its corporate governance policies is available on the Company's website at <https://larkdistillery.com/pages/investors>.

The Company also maintains a separate investor page on our website to provide shareholders with links to annual and interim reports, ASX announcements, presentations and other key information.

Recommendation 6.2: Investor Relations

We endeavour to communicate with shareholders and other stakeholders in an open, regular and timely manner so that the market has sufficient information to make informed investment decisions.

Through its shareholder communications, we aim to provide information that will allow existing shareholders, potential shareholders and financial analysts to make informed decisions about the Group's intrinsic value and meet its obligations under the ASX's continuous disclosure regime.

Our investor relations program includes:

- issuing regular written shareholder communications such as quarterly financial reporting and an Annual Report to address the Company's strategy and performance;
- sending and receiving shareholder communications electronically;
- maintaining the Board and corporate governance and investor sections on our website including posting all announcements after they have been disclosed to the market;
- promoting two-way interaction with shareholders, by supporting shareholder participation at general meetings including encouraging shareholders to send their questions to the Company prior to the annual general meeting and responding to their questions and feedback; and
- ensuring that continuous disclosure obligations are understood and complied with throughout the Group.

Shareholder queries should be referred to the Company Secretary in the first instance.

Our Shareholder Communications Policy is available on the Company's website at <https://larkdistillery.com/pages/investors>.

Recommendation 6.3: Shareholder Meeting Participation

Shareholders are forwarded the Company's Annual Report, if requested (it is otherwise made available on the Company's website), and documents relating to each general meeting, being the notice of meeting, any explanatory memorandum and a proxy form and shareholders are invited to attend these meetings.

The Board regards each general meeting as an important opportunity to communicate with shareholders and it provides a key forum for shareholders to ask questions about the Company, its strategy and performance. At shareholder meetings, the Company will provide an opportunity for shareholders and other stakeholders to hear from and put questions to the Board, management and if applicable our external auditor.

Recommendation 6.4: All substantive resolutions at a security holder meeting are decided by poll

In order to ascertain the true intentions of the Company's security holders attending and voting at its security holder meetings, whether they attend in person, electronically or by proxy or other representative, in most situations where this can be achieved the company will conduct the voting procedure by a poll.

Recommendation 6.5: Electronic Communication with Shareholders

Shareholders are encouraged to take advantage of the benefits of electronic communications by electing to receive communication from the Company and its share registry electronically.

PRINCIPLE 7 – RECOGNISE AND MANAGE RISK

Recommendation 7.1: Risk Committee

The Company's Audit and Risk Committee Charter provides for the creation of an Audit and Risk Committee, with at least three members, a majority of whom are independent Directors, and which must be chaired by an independent Director who is not the Board Chair. The Audit and Risk Committee Charter is available on our website at <https://larkdistillery.com/pages/investors>

Due to the size of the Board during the past financial year, the Board fulfilled the roles and responsibilities in relation to risk for part of the financial year and undertook the function of the Risk Committee during the course of its general Board meetings. Following financial year end, the Risk Committee was reinstated and consists of three members, two of whom are considered to be independent Directors, being Mr Domenic Panaccio and Mr Warren Randall, and Ms Laura McBain, who is not considered to be an independent Director. The Committee is chaired by Mr Domenic Panaccio. All Directors have relevant experience as shown in the biographies in the Directors Report.

Details of meetings held by the Committee during the year and member attendance are set out in the 2023 Directors' Report.

In accordance with the Company's Audit and Risk Committee Charter the primary function of the Committee is to assist the Board to carry out the following:

- review and make recommendations regarding the adequacy and integrity of the Company's risk management framework and system of internal controls; and
- reviewing compliance with relevant laws and regulations

As a result of the above, the Company has not complied in full with Recommendation 7.1 given it did not have a Committee in place for the entirety of the past financial year, however it intends to comply with Recommendation 7.1 in the future subject to the Board's size and composition and given the Audit & Risk Committee has now been re-established from June 2023.

Recommendation 7.2: Risk Management Framework

The Group's risk management framework is supported by the Board of Directors and management team. The Board is responsible for approving and reviewing the Company's risk management strategy and policy. Management are responsible for monitoring that appropriate processes and controls are in place to effectively and efficiently manage risk. Management are responsible for monitoring compliance with and the effectiveness of risk management systems and controls at a divisional level including financial and non-financial risks. Senior management regularly reports to the Board on the adequacy of its risk management systems, processes and key matters for consideration.

Recommendation 7.3: Internal Audit

The Company does not currently have an internal audit function as, in light of cost/benefit considerations, the size and scope of the Company's operations does not currently support the operation of such a function.

During the past financial year, the Company employed the following process for evaluating and continually improving the effectiveness of its risk management and internal control processes:

- the Board / Audit and Risk Committee (if applicable) monitors the need for an internal audit function having regard to the size, location and complexity of the Company's operations;
- senior management facilitate the periodic review of financial and non-financial systems and processes and present to the Board the objectives and scope, proposed outcomes and any recommendations arising from the review; and
- the Board reviews risk management and internal compliance procedures at each Board meeting and any risk matters raised for consideration by Senior Management.

Recommendation 7.4: Economic, Environmental and Social Sustainability Risk

The Company is not subject to any particular or significant single economic, environmental and social sustainability risk. The Company is subject to a range of general economic risks, including macro-economic risks, government policy (including

policy regarding technology and research and development), general business conditions, changes in technology and many other factors.

The Board does not believe the Company has any material exposure to economic and social sustainability risks at the present time.

PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY

Recommendation 8.1: Remuneration Committee

The Company has previously established a Remuneration and Nomination Committee, however due to the current size of the Board, the Board fulfills the roles and responsibilities in relation to remuneration. The duties of the Board in relation to remuneration are the same that would otherwise be fulfilled by a Remuneration Committee to address any issues and continuously review the range of skills, knowledge, experience, independence and diversity to ensure that the Board can discharge its duties and responsibilities effectively.

The Board undertook the function of the Remuneration Committee during the course of its general Board meetings. The Company does not meet the Recommendation in its entirety.

Recommendation 8.2: Remuneration Policies and Practices

Details of the Company's remuneration practices for its Directors and senior executives are disclosed in the Remuneration Report in the Company's Annual Report. The Remuneration Report highlights the balance between fixed pay, short term incentive and long-term incentives, and includes details of the remuneration paid and the relationship to the Company's performance.

Recommendation 8.3: Equity Based Remuneration Scheme

The Company's Employee Incentive Plan, as displayed on the Company's ASX platform, prohibits participants from entering into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme.

The Company also has a Securities Trading Policy, as displayed on the Company's website, which provides that participants must not, without prior approval of the CEO, enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme.