

# ACRUX LIMITED

## STATEMENT OF CORPORATE GOVERNANCE PRINCIPLES



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## 1. INTRODUCTION

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The Directors and management of Acrux Limited (the 'Company') are committed to maintaining good standards in corporate governance. This statement of principles outlines the approach taken by the Board in managing the affairs of the Company and in fulfilling its duties to meet the interests of the Company as a whole.

Corporate governance is:

*'...the framework of rules, relationships, systems and processes within and by which authority is exercised and controlled within corporations. It encompasses the mechanism by which companies, and those in control, are held to account.'*

*Good corporate governance promotes investor confidence, which is crucial to the ability of entities listed on the ASX to compete for capital.'*<sup>1</sup>

This statement sets out the corporate governance structure of the Company established for the purposes of ensuring that the Company is properly and efficiently directed and managed for the benefit of the shareholders of the Company and its other stakeholders. In particular, reference is made to the eight principles of corporate governance recommended by the ASX Corporate Governance Council. In essence the eight principles seek to:

- (a) establish respective roles and responsibilities for its Board and management;
- (b) structure the Board to add value;
- (c) promote ethical and responsible decision-making;
- (d) safeguard integrity in corporate reporting;
- (e) promote timely and balanced disclosure;
- (f) respect the rights of security holders;
- (g) set a framework to manage risk;
- (h) remunerate fairly and responsibly..

These principles are addressed, and become part of the Company's corporate governance framework, through the adoption and implementation of a number of policies which are summarised below. These Policies can be found on the Company's website ([www.acrux.com.au](http://www.acrux.com.au)) in the Corporate Governance section.

This statement and the principles enunciated in it also apply to entities controlled by the Company and, unless inconsistent with the context, any reference to the Company includes those controlled entities.

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<sup>1</sup> Corporate Governance Principles and Recommendations, 3<sup>rd</sup> Edition

## 2. STATEMENT OF PRINCIPLES

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### 2.1 The Board of Directors

The Board is elected by the shareholders to represent all shareholders. It is a Director's responsibility, in all decisions he or she is called upon to make concerning the Company's affairs, to conscientiously weigh the interests of shareholders in light of the circumstances and to consider the effects of such decisions on the interests of all shareholders.

### 2.2 Role of the Board and Management

The Board is to exercise effective control over management to optimise the Company's performance in the interests of the Company as a whole.

The manner in which the Board operates is set out in the Board Charter of the Company which is found on its website ([www.acrux.com.au](http://www.acrux.com.au)) in the corporate governance section under the heading 'Board Charter'. In general terms the Board Charter covers the following:

- (a) duties and responsibilities of the Board;
- (b) powers of the Board;
- (c) delegation to the Chief Executive Officer and their direct reports;
- (d) number of Directors;
- (e) Independent Directors;
- (f) Executive Directors;
- (g) term of office;
- (h) terms of appointment;
- (i) independence of the Chair;
- (j) responsibilities of the Chair;
- (k) Board meetings and quorums;
- (l) Board papers;
- (m) Board minutes;
- (n) Board Committees;
- (o) evaluation of the Board and of Directors ;
- (p) related party transactions ;
- (q) disclosures of interests;
- (r) access to information and advice;
- (s) Directors' indemnity and insurance.

The Board continues to review and develop separate, more detailed policies for evaluation of its performance and that of individual Directors and for the evaluation of the performance of the Chief Executive Officer and their direct reports.

### 2.3 Board Committees

It is the role of the Board of Directors to monitor the management of the Company and the Board may establish appropriate Committees to assist in this role.

At the date of this statement, the committees are:

- (a) Audit and Risk Committee; and
- (b) Human Capital Committee;

Each Board committee has a committee Charter approved by the Board of Directors, which sets out the manner in which the committee operates and its duties and responsibilities.

In general terms the Charters cover the following:

#### *Audit and Risk Committee*

- (c) duties and responsibilities in relation to financial reporting, internal audit, external Audit and Risk management;
- (d) the provision of services by the external auditors;
- (e) composition and structure of the committee;
- (f) the Chair;
- (g) proceedings of the committee;
- (h) independent advice and access to information;
- (i) reporting;
- (j) review of the Charter and access to the Charter.

#### *Human Capital Committee*

- (k) duties and responsibilities in relation to the appointment of Directors;
- (l) duties and responsibilities in relation to the appointment of senior management;
- (m) composition and structure of the committee;
- (n) the Chair;
- (o) proceedings of the committee;
- (p) independent advice and access to information;
- (q) reporting;
- (r) review of the Charter and access to the Charter.

## **2.4 Performance Evaluation**

It is important that the Directors, Chief Executive Officer and direct reports of the Chief Executive Officer have the appropriate competencies and discharge their roles effectively and to the appropriate standard. The Board continues to review and develop separate, more detailed policies for evaluation of its performance and that of individual Directors and for the evaluation of the performance of management.

## **2.5 Risk Management**

Risk is inherent in business and must be identified and managed. The Board actively considers the Company's risk profile and has delegated decision making considering the Company's risk profile and control framework.

## **2.6 Security Trading**

The Board recognises that it is important in maintaining public confidence that there be a clear policy governing trading in the Company's securities by persons who may have access to restricted company information. The Board has adopted an appropriate policy on dealing in Company securities by Directors, the Chief Executive Officer and their direct reports.

## **2.7 Continuous Disclosure and Shareholder Communication**

The Company has an objective of honest, prompt and open disclosure of information in dealing with its stakeholders, subject to appropriate commercial considerations in dealing with competitive or confidential information. Such disclosure may exceed statutory requirements.

## **2.8 Code of Conduct**

The behaviour of all Directors and employees of the Company will meet the highest possible standards. The minimum standards to be achieved are set out in a code of conduct which has been adopted by the Board and each Director individually and is being adopted by all staff.

## **2.9 Diversity**

The Company recognises the benefits of an inclusive workforce that values diversity within the Company. A diverse workplace can assist in achieving the Company's strategic goals and in return increase value to shareholders.

## **2.10 Whistleblower**

The Company is committed to maintaining a culture where all employees operate in line with its policies and Corporate Governance framework. The Board encourages employees to raise any concerns about poor or unacceptable practice and misconduct, and can do so safely. A whistleblowing program is an important aspect of detecting poor or unacceptable practice and misconduct in an organisation.

## **3. REVIEW OF STATEMENT**

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The Company's Board of Directors approved this Charter on 6 July 2015.

The Board will review this Charter and the Committee Charters as often as the Board determines appropriate and make any changes it determines necessary or desirable.

## **4. ACCESS TO THE STATEMENT**

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This statement will be available for viewing by any person on the Company's website or a copy will be sent on request.