

ACRUX LIMITED

STATEMENT OF CORPORATE GOVERNANCE PRINCIPLES



STATEMENT OF CORPORATE GOVERNANCE PRINCIPLES

1. INTRODUCTION

The Directors and management of Acrux Limited (the 'Company') are committed to maintaining good standards in corporate governance.

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.'*¹

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. These eight principles are:

- (a) lay solid foundations for management and oversight;
- (b) structure the Board to add value;
- (c) act ethically and responsibly;
- (d) safeguard integrity in corporate reporting;
- (e) make timely and balanced disclosure;
- (f) respect the rights of security holders;
- (g) recognise and manage risk;
- (h) remunerate fairly and responsibly.

These principles are part of the Company's corporate governance framework, through the adoption and implementation of a number of policies which can be found on the Company's website (www.acrux.com.au) in the Corporate Governance section.

Annually, in compliance with Listing Rule 4.7.3, the Company reviews its adherence to its corporate governance structure and releases a corporate governance statement disclosing the extent to which the Company has followed the eight recommendations set by the ASX Corporate Governance Council.

The Company's latest corporate governance statement, Appendix 4G released to the ASX on 22 August 2017 can be found at item 4 below.

¹ *Corporate Governance Principles and Recommendations, 3rd Edition, ASX Corporate Governance Council*

2. REVIEW OF STATEMENT

The Board reviews this statement annually at the time of preparing and lodging its annual report.

3. ACCESS TO THE STATEMENT

This statement will be available for viewing by any person on the Company's website.

**ACRUX LIMITED
ABN 72 082 001 152
AND CONTROLLED ENTITIES**

**FINANCIAL INFORMATION
FOR THE YEAR ENDED 30 JUNE 2017
PROVIDED TO THE ASX UNDER LISTING RULE 4.7.3 and 4.10.3**

Appendix 4G

Key to Disclosures
Corporate Governance Council Principles and Recommendations

Name of entity

Acrux Limited

ABN/ARBN

ABN: 72 082 001 152

Financial year ended

30 June 2017

Our corporate governance statement² for the above period above can be found at:³

these pages of our annual report: _____

this URL on our website: <http://investors.acrux.com.au/investor-centre/?page=corporate-governance>

The Corporate Governance Statement is accurate and up to date as at 22 August 2017 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.

Date here: _____

Sign here: _____

Company secretary

Print name: Tim Bateman

¹ Under Listing Rule 4.7.3, an entity must lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of rule 4.10.3.

² “Corporate governance statement” is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

³ Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity’s corporate governance statement can be found.

ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ...	
PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT			
1.1	<p>A listed entity should disclose:</p> <p>(a) the respective roles and responsibilities of its board and management; and</p> <p>(b) those matters expressly reserved to the board and those delegated to management.</p>	<p>... the fact that we follow this recommendation:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p>✓ at this location:</p> <p>Details of roles and responsibilities can be found at http://investors.acrux.com.au/investor-centre/?page=corporate-governance</p> <p>... and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management):</p> <p>✓ at this location:</p> <p>Refer to the Corporate Governance Statement, Board Charter, Audit and Risk Committee Charter and Human Capital and Nomination Committee Charter, located at http://investors.acrux.com.au/investor-centre/?page=corporate-governance</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.2	<p>A listed entity should:</p> <p>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</p> <p>(b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.</p>	<p>... the fact that we follow this recommendation:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p>✓ at this location:</p> <p>Refer to the Corporate Governance Statement, Human Capital and Nomination Committee Charter and Continuous Disclosure and Shareholder Reporting Policy, located at http://investors.acrux.com.au/investor-centre/?page=corporate-governance</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.3	<p>A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>	<p>... the fact that we follow this recommendation:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location:</p> <p>Written agreements are held with all directors and senior executives.</p>	

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ...
<p>1.4 The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.</p>	<p>... the fact that we follow this recommendation:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR <input checked="" type="checkbox"/> at this location:</p> <p>The Company Secretary is accountable to the Board of Directors, Acrux Limited. http://investors.acrux.com.au/investor-centre/?page=corporate-governance</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
<p>1.5 A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>	<p>... the fact that we have a diversity policy that complies with paragraph (a):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR <input checked="" type="checkbox"/> at this location:</p> <p>Refer to the Diversity Policy, located at http://investors.acrux.com.au/investor-centre/?page=corporate-governance</p> <p>... and a copy of our diversity policy or a summary of it:</p> <p><input checked="" type="checkbox"/> at this location:</p> <p>Refer to the Diversity Policy, located at http://investors.acrux.com.au/investor-centre/?page=corporate-governance</p> <p>... the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at this location:</p> <p>... and the information referred to in paragraphs (c)(1) or (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at this location:</p>	<p>The Board of Directors values the contribution of a diverse workforce. Given the size of the organization, specific diversity targets have not been set.</p>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ...
<p>1.6 A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR <input checked="" type="checkbox"/> at this location:</p> <p>Refer to the Human Capital and Nomination Committee Charter, located at http://investors.acrux.com.au/investor-centre/?page=corporate-governance</p> <p>... and the information referred to in paragraph (b):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR <input checked="" type="checkbox"/> at this location:</p> <p>The Human Capital and Nomination Committee reviews the performance of Directors.</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
<p>1.7 A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR <input checked="" type="checkbox"/> at this location:</p> <p>Refer to the Corporate Governance Statement and Human Capital and Nomination Committee Charter, located at http://investors.acrux.com.au/investor-centre/?page=corporate-governance</p> <p>... and the information referred to in paragraph (b):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR <input checked="" type="checkbox"/> at this location:</p> <p>The Human Capital and Nomination Committee reviews the performance of senior executives. Refer to the Financial Report for the year ended 30 June 2017 for further details.</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ...
PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE		
<p>2.1 The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; OR</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a nomination committee that complies with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p>✓ at this location:</p> <p>The Board has established a Human Capital and Nomination Committee to oversee remuneration and make appropriate recommendations to the Board. The Chair is independent and has been disclosed in the Financial Report for the year ended 30 June 2017</p> <p>... and a copy of the charter of the committee:</p> <p>✓ at this location:</p> <p>The Company's Human Capital and Nomination Committee Charter can be found at http://investors.acrux.com.au/investor-centre/?page=corporate-governance</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p>✓ at this location:</p> <p>Details are provided in the Directors Report, refer attached Financial Report for the year ended 30 June 2017.</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a nomination committee and the processes we employ to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p>✓ at this location:</p> <p>The Human Capital and Nomination Committee carries out the function of a Nomination Committee. Refer to the Human Capital and Nomination Committee Charter, located at http://investors.acrux.com.au/investor-centre/?page=corporate-governance</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

	Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ...
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	<p>... our board skills matrix:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR <input checked="" type="checkbox"/> at this location:</p> <p>The skills and diversity of the Board is disclosed in the Directors Report. Refer to the Financial Report for the year ended 30 June 2017 for further information.</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
2.3	<p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p>	<p>... the names of the directors considered by the board to be independent directors:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR <input checked="" type="checkbox"/> at this location:</p> <p>The Board has detailed the requirements for a Director to be considered to be independent. Refer to the Corporate Governance Statement and Board Charter located at http://investors.acrux.com.au/investor-centre/?page=corporate-governance</p> <p>The Board has assessed the independence of each Director. The following Directors are not independent:</p> <ul style="list-style-type: none"> • Chief Executive Officer and Managing Director; and • Chairman, having previously been employed as Executive Chairman less than three years ago. The Chairman has been serving as Director for 13 years (post entity listing on ASX). <p>... where applicable, the information referred to in paragraph (b):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR <input checked="" type="checkbox"/> at this location:</p> <p>Where applicable, this information will be detailed in the Financial Report.</p> <p>... the length of service of each director:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR <input checked="" type="checkbox"/> at this location:</p> <p>The date of appointment of each Director is detailed in the Directors Report. Refer to the Financial Report for the year ended 30 June 2017 for further information.</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ...
2.4	A majority of the board of a listed entity should be independent directors.	<p>... the fact that we follow this recommendation:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location:</p>	The majority of the Board were deemed to be independent Directors at 1 June 2016, following the appointment of two Non-Executive Directors.
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	<p>... the fact that we follow this recommendation:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location:</p>	The Chairman is not an independent Director, having previously been employed as Executive Chairman less than three years ago. The Chairman has been serving as a Director for 13 years (post entity listing on ASX).
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	<p>... the fact that we follow this recommendation:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input checked="" type="checkbox"/> at this location:</p> <p>The Board has a program for inducting new Directors and provides development opportunities to ensure each Director has the skills and knowledge to perform their role as Director effectively.</p> <p>Refer to the Corporate Governance Statement and Board Charter located at http://investors.acrux.com.au/investor-centre/?page=corporate-governance</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY			
3.1	A listed entity should: <ul style="list-style-type: none"> (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it. 	<p>... our code of conduct or a summary of it:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input checked="" type="checkbox"/> at this location:</p> <p>Directors and senior executives are bound by the Company's Code of Conduct. Refer to the Corporate Governance Statement Code of Conduct located at http://investors.acrux.com.au/investor-centre/?page=corporate-governance</p>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING			
4.1	The board of a listed entity should: <ul style="list-style-type: none"> (a) have an audit committee which: <ul style="list-style-type: none"> (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, 	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have an audit committee that complies with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input checked="" type="checkbox"/> at this location:</p>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ...
<p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; OR</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>Refer to the Corporate Governance Statement and Audit and Risk Committee Charter located at</p> <p>http://investors.acrux.com.au/investor-centre/?page=corporate-governance</p> <p>The Chair is independent and has been disclosed in the Financial Report for the year ended 30 June 2017.</p> <p>... and a copy of the charter of the committee:</p> <p style="text-align: center;">✓ at this location:</p> <p>The Audit and Risk Committee Charter can be found at</p> <p>http://investors.acrux.com.au/investor-centre/?page=corporate-governance</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p style="text-align: center;">✓ at this location:</p> <p>Details of qualifications and experience is provided in the Directors Report contained within the attached Financial Report for the year ended 30 June 2017.</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location:</p> <p>Not applicable. The Company has established an Audit and Risk Committee.</p>	

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ...
4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity 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 and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	... the fact that we follow this recommendation: <input type="checkbox"/> in our Corporate Governance Statement OR <input checked="" type="checkbox"/> at this location: The Company receives a statement complying with recommendation 4.2 from its CEO and CFO. This requirement is detailed in the Audit and Risk Committee Charter, located at http://investors.acrux.com.au/investor-centre/?page=corporate-governance	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	... the fact that we follow this recommendation: <input type="checkbox"/> in our Corporate Governance Statement OR <input checked="" type="checkbox"/> at this location: The external auditor attends the Company's AGM and is available to answer questions from members pertaining to the audit. Refer to the Continuous Disclosure and Shareholder Reporting Policy located at http://investors.acrux.com.au/investor-centre/?page=corporate-governance	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity that does not hold an annual general meeting and this recommendation is therefore not applicable
PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE		
5.1 A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	... our continuous disclosure compliance policy or a summary of it: <input type="checkbox"/> in our Corporate Governance Statement OR <input checked="" type="checkbox"/> at this location: The Company has published its policy for complying with principal 5. Refer to the Continuous Disclosure and Shareholder Reporting Policy located at http://investors.acrux.com.au/investor-centre/?page=corporate-governance	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS		
6.1 A listed entity should provide information about itself and its governance to investors via its website.	... information about us and our governance on our website: <input type="checkbox"/> in our Corporate Governance Statement OR <input checked="" type="checkbox"/> at this location: The Company's Corporate Governance Statement and Corporate Governance policies can be found at http://investors.acrux.com.au/investor-centre/?page=corporate-governance	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ...
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	<p>... the fact that we follow this recommendation:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p>✓ at this location:</p> <p>Refer to the Continuous Disclosure and Shareholder Reporting Policy located at http://investors.acrux.com.au/investor-centre/?page=corporate-governance</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	<p>... our policies and processes for facilitating and encouraging participation at meetings of security holders:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p>✓ at this location:</p> <p>Refer to the Continuous Disclosure and Shareholder Reporting Policy located at http://investors.acrux.com.au/investor-centre/?page=corporate-governance</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity that does not hold periodic meetings of security holders and this recommendation is therefore not applicable</p>
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	<p>... the fact that we follow this recommendation:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p>✓ at this location:</p> <p>The Company encourages security holders to receive communication electronically. Further details can be found via http://investors.acrux.com.au/investor-centre/?page=my-shareholding</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
PRINCIPLE 7 – RECOGNISE AND MANAGE RISK			
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; OR</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p>✓ at this location:</p> <p>The Board has established an Audit and Risk Committee to oversee risk and make recommendations to the Board regarding risk management. The Company's Audit and Risk Charter can be found at http://investors.acrux.com.au/investor-centre/?page=corporate-governance</p> <p>The Chair is independent and has been disclosed in the Financial Report for the year ended 30 June 2017.</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
<p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p>... and a copy of the charter of the committee:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR <input checked="" type="checkbox"/> at this location:</p> <p>The Company's Audit and Risk Charter can be found at http://investors.acrux.com.au/investor-centre/?page=corporate-governance</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR <input checked="" type="checkbox"/> at this location:</p> <p>Details are provided in the Directors Report, refer attached Financial Report for the year ended 30 June 2017.</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at this location:</p> <p>Not applicable. The Company has established an Audit and Risk Committee and complies with 7.1(a).</p>	
<p>7.2 The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>... the fact that we follow this recommendation:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR <input checked="" type="checkbox"/> at this location:</p> <p>The Audit and Risk Committee meets biannually to discuss and review the Company's risk framework. Details regarding Committee meetings are provided in the Directors Report, refer attached Financial Report for the year ended 30 June 2017.</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
<p>7.3 A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; OR</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... how our internal audit function is structured and what role it performs:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at this location:</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ...
	<p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR <input checked="" type="checkbox"/> at this location:</p> <p>The Company does not have an internal audit function, however deploys both internal and external resources to evaluate the effectiveness of internal controls.</p>	
<p>7.4 A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	<p>... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR <input checked="" type="checkbox"/> at this location:</p> <p>Relevant details are provided in the Directors Report, refer attached Financial Report for the year ended 30 June 2017.</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY

<p>8.1 The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <ol style="list-style-type: none"> (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; OR <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a remuneration committee that complies with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR <input checked="" type="checkbox"/> at this location:</p> <p>The Board has established a Human Capital and Nomination Committee to oversee remuneration and make appropriate recommendations to the Board. The Company's Human Capital and Nomination Charter can be found at http://investors.acrux.com.au/investor-centre/?page=corporate-governance</p> <p>The Chair is independent and has been disclosed in the Financial Report for the year ended 30 June 2017.</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
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Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
	<p>... and a copy of the charter of the committee:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR <input checked="" type="checkbox"/> at this location:</p> <p>The Company's Human Capital and Nomination Committee Charter can be found at http://investors.acrux.com.au/investor-centre/?page=corporate-governance</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR <input checked="" type="checkbox"/> at this location:</p> <p>Details are provided in the Directors Report, refer attached Financial Report for the year ended 30 June 2017.</p> <p>[If the entity complies with paragraph (b):] ... the fact that we do not have a remuneration committee and the processes we employ for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at this location:</p> <p>Not applicable.</p>	
8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	<p>... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR <input checked="" type="checkbox"/> at this location:</p> <p>The Company discloses these details in its Human Capital and Nomination Committee Charter which can be found at http://investors.acrux.com.au/investor-centre/?page=corporate-governance</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.3 A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	<p>... our policy on this issue or a summary of it:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR <input checked="" type="checkbox"/> at this location:</p> <p>The Company has two equity-based remuneration schemes. These details have been made publicly available via the ASX.</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ...
ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES		
<p>- <i>Alternative to Recommendation 1.1 for externally managed listed entities:</i></p> <p>The responsible entity of an externally managed listed entity should disclose:</p> <p>(a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity;</p> <p>(b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.</p>	<p>... the information referred to in paragraphs (a) and (b):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location:</p> <p>Not applicable.</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
<p>- <i>Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:</i></p> <p>An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.</p>	<p>... the terms governing our remuneration as manager of the entity:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location:</p> <p>Not applicable.</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>