Rules 4.7.3 and 4.10.3[1]

Appendix 4G

Key to Disclosures
Corporate Governance Council Principles and Recommendations

Name of entity:

CARBONXT GROUP LIMITED

ABN / ARBN:

59 097 247 464

Financial year ended:

30 June 2018

Our corporate governance statement[2] for the above period above can be found at:[3]

☐ These pages of our annual report:

☒ This URL on our website: http://cglimited.com.au/corporate-governance/

The Corporate Governance Statement is accurate and up to date as at *[insert effective date of statement]* and has been approved by the board.

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

Date:	31 August 2018
Name of Director or Secretary authorising lodgement:	Tom Bloomfield, Company Secretary



[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. You can, if you wish, delete the option which is not applicable.

Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

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 …[4]
PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT			
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	… the fact that we follow this recommendation: ☒ in our Corporate Governance Statement OR ☐ at [*insert location*] … 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): ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (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.	… the fact that we follow this recommendation: ☒ in our Corporate Governance Statement OR ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	… the fact that we follow this recommendation: ☒ in our Corporate Governance Statement OR ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
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.	… the fact that we follow this recommendation: ☒ in our Corporate Governance Statement OR ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable

[4] If you have followed all of the Council's recommendations in full for the whole of the period above, you can, if you wish, delete this column from the form and re-format it.

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]
1.5	A listed entity should: (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; (b) disclose that policy or a summary of it; and (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: (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 (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.	… the fact that we have a diversity policy that complies with paragraph (a): ☐ in our Corporate Governance Statement OR ☐ at [*insert location*] … and a copy of our diversity policy or a summary of it: ☐ at [*insert location*] … and 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: ☐ in our Corporate Governance Statement OR ☐ at [*insert location*] … and the information referred to in paragraphs (c)(1) or (2): ☐ in our Corporate Governance Statement OR ☐ at [*insert location*]	☒ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.6	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	… the evaluation process referred to in paragraph (a): ☒ in our Corporate Governance Statement OR ☐ at [*insert location*] … and the information referred to in paragraph (b): ☐ in our Corporate Governance Statement OR ☐ at [*insert location*]	☒ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.7	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	… the evaluation process referred to in paragraph (a): ☒ in our Corporate Governance Statement OR ☐ at [*insert location*] … and the information referred to in paragraph (b): ☐ in our Corporate Governance Statement OR ☐ at [*insert location*]	☒ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable

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]
PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE			
2.1	The board of a listed entity should: (a) have a nomination committee which: (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 (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.	[If the entity complies with paragraph (a):] … the fact that we have a nomination committee that complies with paragraphs (1) and (2): ☐ in our Corporate Governance Statement OR ☐ at [*insert location*] … and a copy of the charter of the committee: ☐ at [*insert location*] … and the information referred to in paragraphs (4) and (5): ☐ in our Corporate Governance Statement OR ☐ at [*insert location*] [If the entity complies with paragraph (b):] … 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: ☒ in our Corporate Governance Statement OR ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
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.	… our board skills matrix: ☐ in our Corporate Governance Statement OR ☐ at [*insert location*]	☒ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable

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]
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (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 (c) the length of service of each director.	… the names of the directors considered by the board to be independent directors: ☒ in our Corporate Governance Statement OR ☐ at [*insert location*] … and, where applicable, the information referred to in paragraph (b): ☒ in our Corporate Governance Statement OR ☐ at [*insert location*] … and the length of service of each director: ☐ in our Corporate Governance Statement OR ☒ in the Directors Report, as part of the Annual Report. Annual Report.	☐ an explanation why that is so in our Corporate Governance Statement
2.4	A majority of the board of a listed entity should be independent directors.	… the fact that we follow this recommendation: ☐ in our Corporate Governance Statement OR ☐ at [*insert location*]	☒ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
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.	… the fact that we follow this recommendation: ☒ in our Corporate Governance Statement OR ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
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.	… the fact that we follow this recommendation: ☒ in our Corporate Governance Statement OR ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY			
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	… our code of conduct or a summary of it: ☐ in our Corporate Governance Statement OR ☒ at www.carbonxt.com	☐ 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 …[4]
PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING			
4.1	The board of a listed entity should: (a) have an audit committee which: (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, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (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 (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.	[If the entity complies with paragraph (a):] … the fact that we have an audit committee that complies with paragraphs (1) and (2): ☐ in our Corporate Governance Statement OR ☐ at [*insert location*] … and a copy of the charter of the committee: ☐ at [*insert location*] … and the information referred to in paragraphs (4) and (5): ☐ in our Corporate Governance Statement OR ☐ at [*insert location*] [If the entity complies with paragraph (b):] … 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: ☒ in our Corporate Governance Statement OR ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement
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: ☒ in our Corporate Governance Statement OR ☐ at [*insert location*]	☐ 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 …[4]
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: ☒ in our Corporate Governance Statement OR ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement OR ☐ 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: ☐ in our Corporate Governance Statement OR ☒ at www.carbonxt.com	☐ 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: ☒ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	… the fact that we follow this recommendation: ☒ in our Corporate Governance Statement OR ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement
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.	… our policies and processes for facilitating and encouraging participation at meetings of security holders: ☒ in our Corporate Governance Statement OR ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity that does not hold periodic meetings of security holders and this recommendation is therefore not applicable
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.	… the fact that we follow this recommendation: ☒ in our Corporate Governance Statement OR ☐ at [*insert location*]	☐ 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 …[4]
PRINCIPLE 7 – RECOGNISE AND MANAGE RISK			
7.1	The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (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 (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.	[If the entity complies with paragraph (a):] … the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2): ☐ in our Corporate Governance Statement OR ☐ at [*insert location*] … and a copy of the charter of the committee: ☐ at [*insert location*] … and the information referred to in paragraphs (4) and (5): ☐ in our Corporate Governance Statement OR ☐ at [*insert location*] [If the entity complies with paragraph (b):] … 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: ☒ in our Corporate Governance Statement OR ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement
7.2	The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	… the fact that board or a committee of the board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound: ☒ in our Corporate Governance Statement OR ☐ at [*insert location*] … and that such a review has taken place in the reporting period covered by this Appendix 4G: ☐ in our Corporate Governance Statement OR ☐ at [*insert location*]	☐ 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 …[4]
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (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.	[If the entity complies with paragraph (a):] … how our internal audit function is structured and what role it performs: ☐ in our Corporate Governance Statement OR ☐ at [*insert location*] [If the entity complies with paragraph (b):] … 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: ☒ in our Corporate Governance Statement OR ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement
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.	… 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: ☐ in our Corporate Governance Statement OR ☒ at the company's website under 'About Us'.	☐ 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 …[4]
PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY			
8.1	The board of a listed entity should: (a) have a remuneration committee which: (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 (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.	[If the entity complies with paragraph (a):] … the fact that we have a remuneration committee that complies with paragraphs (1) and (2): ☐ in our Corporate Governance Statement OR ☐ at [*insert location*] … and a copy of the charter of the committee: ☐ at [*insert location*] … and the information referred to in paragraphs (4) and (5): ☐ in our Corporate Governance Statement OR ☐ at [*insert location*] [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: ☒ in our Corporate Governance Statement OR ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
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.	… separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives: ☒ in our Corporate Governance Statement OR ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
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.	… our policy on this issue or a summary of it: ☐ in our Corporate Governance Statement OR ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement OR ☒ we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable OR ☐ we are an externally managed entity and this recommendation is therefore not applicable

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]
ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES			
-	*Alternative to Recommendation 1.1 for externally managed listed entities:* The responsible entity of an externally managed listed entity should disclose: (a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity; (b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.	… the information referred to in paragraphs (a) and (b): ☐ in our Corporate Governance Statement OR ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement
-	*Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:* An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.	… the terms governing our remuneration as manager of the entity: ☐ in our Corporate Governance Statement OR ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement

Carbonxt Group Limited 2018 Corporate Governance Statement

This Corporate Governance Statement of Carbonxt Group Limited (the 'Company') has been prepared in accordance with the 3rd Edition of the Australian Securities Exchange's ('ASX') Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council ('ASX Principles and Recommendations') pursuant to ASX Listing Rule 4.10.3. This listing rule requires the Company to disclose the extent to which it has followed the recommendations during the financial year, including reasons where the Company has not followed a recommendation and any related alternative governance practice adopted.

This statement has been approved by the Company's Board of Directors ('Board') and was current as at 31 August 2018.

The Company's ASX Appendix 4G, which is a checklist cross-referencing the ASX Principles and Recommendations to the relevant disclosures in either this statement, the Company's website or Annual Report, has been filed with the ASX on 31 August 2018.

The ASX Principles and Recommendations and the Company's response as to how and whether it follows those recommendations are set out below.

Principle/Recommendation	Compliance by the Company
Principle 1 – Lay solid foundations for management and oversight *A listed entity should establish and disclose the respective roles and responsibilities of board and management and how their performance is monitored and evaluated.*	
Recommendation 1.1 A listed entity should disclose: (a) the respective roles and responsibilities of its board and management, and (b) those matters expressly reserved to the board and those delegated to management.	The Company has adopted a formal charter ('**Board Charter'**) clearly setting out the respective roles and responsibilities of the Board and management. The key responsibilities of the Board include: • setting the long-term strategy and annual business plan including objectives and milestones to be achieved; • monitoring the performance of the Company against the financial objectives and operational goals set by the Board and reviewing the implementation of Board approved strategies; • assessing the appropriateness of the skill sets and the levels of experience of the members of the Board, individually and as a whole and selecting new members to join the Board when a vacancy exists; • appointing, removing and determining the terms of engagement of the Directors, Managing Director and Company Secretary; • overseeing the delegation of authority for the day to day management of the Company; • ensuring that the risk management systems, financial reporting and information systems, personnel, policies and procedures are all operating efficiently and effectively by establishing a framework of internal controls and compliance; • reviewing major contracts, goods or services on credit terms, acceptance of counter-party risks and issuing guarantees on behalf of the Company; • approving the capital structure and major funding requirements of the Company; • establishing a Disclosure and Communication Policy to ensure that the Company complies with its disclosure obligations under the ASX listing rules; • approving the Company's half year and full year reports to the shareholders, ASX and ASIC; and • ensuring that recruitment, retention, termination, remuneration,

Principle/Recommendation	Compliance by the Company
	performance review and succession planning policies and procedures are in place and complied with. The key responsibilities of management include: • implementing the strategic objectives set by the Board; • operating within the risk parameters set by the Board; • operational and business management of the Company; and • day-to-day running of the Company;
Recommendation 1.2 A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election as a director; and (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.	The Board undertakes appropriate checks before appointing or nominating board candidates. The Company will 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 at a general meeting.
Recommendation 1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	All directors and senior executives have entered into written appointment agreements with the Company. Specifically: • the non-executive director has executed a letter of appointment setting out the terms and conditions of his appointment; and • the executive directors and senior executives of the Company have entered into service contracts, setting out the terms and conditions of their employment.
Recommendation 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.	The Company Secretary is accountable directly to the Board, through the Chairperson, on all matters to do with the proper functioning of the Board. The Company has adopted a formal board charter (‘**Board Charter’**) setting out the Company Secretary's responsibilities. Under the Board Charter, the Company Secretary is responsible for: • advising the Board and its committees (if relevant) on governance matters; • monitoring that the Board and committee policy and procedures are followed; • coordinating the timely completion and dispatch of Board and committee papers; • ensuring the business at Board and committee meetings is accurately captured in the minutes; and • helping to organise and facilitate the induction and professional development of Directors and the Company Secretary.
Recommendation 1.5	The Company has a diversity policy in place **(‘Diversity Policy’).** The Diversity Policy entrusts the Board with the responsibility for

Principle/Recommendation	Compliance by the Company
A listed entity should: (a) have a diversity policy which includes requirements for the board or a relevant committee of the board for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (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: (i) 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 (ii) 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.	designing and overseeing the Diversity Policy. Under the Diversity Policy, the Board is: • required to develop initiatives that will promote and achieve diversity goals; • responsible for reviewing this diversity policy and will assess the status of diversity within the Company and the effectiveness of this policy in achieving the measurable objectives which have been set to achieve diversity; and • responsible for assessing the effectiveness of the Company's diversity objectives each year. The Company considers that diversity within the Company will improve the quality of decision-making, productivity and teamwork amongst its employees. This policy applies to the Company's Board, senior management, employees and contractors. Due to the size of the Board and the nature, scale and industry of the Company's operations 100% of the Board and most of the senior executive positions are men. The company as a whole has 58% men and 42% women. The Board will adopt measureable objectives to assist the Company to achieve gender diversity and review the Company's progress in meeting these objectives and the effectiveness of these objectives each year. The Diversity Policy is available on the Company's website.
Recommendation 1.6 A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Under the Board Charter, each Director's performance is assessed when standing for re-election. Before each annual general meeting, the Chairperson of the Board assesses the performance of any Director standing for re-election and the Board determines their recommendation to shareholders on the re-election of the Director (in the absence of the Director involved). The Board (excluding the Chairperson) conducts the review of the Chairperson. The Company does not currently have a formal process for evaluating the performance of the Board. The Board conducts an introspective annual discussion of its performance on a collective basis to identify general aspects of its performance that could be improved upon, and such analysis includes the roles played by each Board member. Such reviews therefore encapsulate collective discussion around the performance of individual Board members, their roles on specific projects during the financial year, and where relevant, how their role could be modified or suggestions for individual development or performance improvement for the future. Until such time as the Company expands to justify an expansion of Board members, the Board is of the current opinion that such performance evaluation is suitable for the Company.
Recommendation 1.7 A listed entity should:	Under the Board Charter, senior executives' performance is considered by the independent Directors in a meeting separate to the Board meetings. The Chairperson is responsible for ensuring

Principle/Recommendation	Compliance by the Company
(a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	independent Director meetings take place on a regular basis.3 Under the Board Charter, the Board conducts an annual performance assessment of the senior executives against agreed performance measures determined at the start of the year. In assessing the performance of the individual, the review includes consideration of the senior executive's function, individual targets, group targets, and the overall performance of the Company. As the Company only listed in January this year and the small size of the Company this performance evaluation has not been conducted in this reporting period.
Principle 2 – Structure the board to add value *A listed entity should have a board of an appropriate size, composition, skills and commitment to enable it to discharge its duties effectively.*	
Recommendation 2.1 The board of a listed entity should: (a) have a nomination committee which: (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director; and disclose (iii) the charter of the committee; (iv) the members of the committee; and (v) 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 (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.	The Board does not maintain a Nomination Committee as it is considered that the current size of the Board does not warrant the formal establishment of a separate committee. The Board therefore performs the function of such a committee which includes the identification of skills and competencies required for the Board and related committees, as well as nomination, selection and performance evaluation of non-executive directors. The Board does not actively manage succession planning and instead relies upon the Board's extensive networking capabilities and/or executive recruitment firms to identify appropriate candidates when a Board vacancy occurs or when a vacancy is otherwise envisaged. Attributes of candidates put forward will be considered for 'best-fit' to the needs of the Board which are assessed at the time of the vacancy. The Nomination and Remuneration Committee Charter is available on the Company's website.
Recommendation 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.	The Board has not, at this time, adopted a board skills matrix. However, the Company will seek to have directors with an appropriate range of skills, experience and expertise and an understanding of and competence to deal with current and emerging issues of the business. All Board members are expected to be able to demonstrate the attributes as detailed at the end of this statement. In addition, the Company's succession plans are designed to maintain an appropriate balance of skills, experience and expertise on the Board.

<table>
<tr><th>Principle/Recommendation</th><th>Compliance by the Company</th></tr>
<tr><td>Recommendation 2.3

A listed entity should disclose:

(a) the names of the directors considered by the board to be independent directors;

(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

(c) the length of service of each director.</td><td>Out of the Board members, Matthew Quinn is considered to be an independent Director, giving assessment to each of the factors set out by the ASX in the ASX Corporate Governance Principles and Recommendations.

The Board will regularly assess the independence of each Director in light of the interests disclosed by them. That assessment will be made at least annually at, or around the time, that the Board considers candidates for election to the Board, and each independent Director is required to provide the Board with all relevant information for this purpose.

If the Board determines that a Director’s independent status has changed, that determination will be disclosed to the market in a timely fashion.

The length of service of each director is as follows:

<table><tr><th>Director</th><th>Appointment date</th><th>Length of service (in years)</th></tr><tr><td>Matthew Quinn</td><td>10 May 2013</td><td>5 years</td></tr><tr><td>Warren Murphy</td><td>22 March 2013</td><td>5 years</td></tr><tr><td>David Mazyck</td><td>10 May 2013</td><td>5 years</td></tr></table></td></tr>
<tr><td>Recommendation 2.4

A majority of the board of a listed entity should be independent directors.</td><td>The Board currently consists of two Executive Directors and one Non-Executive Director.

The Board considers that the Company is reliant upon the business relationships and interests that it has with the non-independent directors, and their expertise, in order to achieve its objectives at this time. Until such time as the Company is of a size that warrants the appointment of additional non-executive and independent directors, the Board is of the view that the absence of a majority of independent directors is not an impediment to its operations, shareholders or other stakeholders.</td></tr>
<tr><td>Recommendation 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.</td><td>The Chairperson of the Board is Matthew Quinn, who is an independent, non-executive director. Warren Murphy is the Managing Director.</td></tr>
<tr><td>Recommendation 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.</td><td>Under the Board Charter, the Directors are expected to participate in any induction or orientation programs on appointment, and any continuing education or training arranged for them.

The Company Secretary helps to organise and facilitate the induction and professional development of Directors.</td></tr>
</table>

Principle/Recommendation	Compliance by the Company
Principle 3 – Act ethically and responsibly *A listed entity should act ethically and responsibly.*	
Recommendation 3.1 A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	The Board has adopted a code of conduct ('**Code of Conduct**') which sets out the values, commitments, ethical standards and policies of the Company and outlines the standards of conduct expected of the Company's business and people, taking into account the Company's legal and other obligations to its stakeholders. The Code of Conduct applies to all Directors, as well as all officers, employees, contractors, consultants, other persons that act on behalf of the Company, and its associates. The Code of Conduct is available on the Company's website.
Principle 4 – Safeguard integrity in corporate reporting *A listed entity should have formal and rigorous processes that independently verify and safeguard the integrity of its corporate reporting.*	
Recommendation 4.1 The board of a listed entity should: (a) have an audit committee which: (i) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (ii) is chaired by an independent director, who is not the chair of the board, And disclose: (iii) the charter of the committee; (iv) the relevant qualifications and experience of the members of the committee; and (v) 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 (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.	The Company has not constituted an Audit Committee given the size of the Board and the nature and scale of the Company's operations. The Board as a whole fulfils the functions normally delegated to the Audit Committee in accordance with the Audit and Risk Committee Charter. The Chief Financial Officer ('CFO') and/or the Managing Director meets with the external auditors to discuss the adequacy of the Company's internal controls and systems used to provide assurance over the integrity of corporate reporting and, where applicable, implement recommendations for improvement deemed necessary. The Board meets with the external auditor on an annual basis, and assesses the adequacy of the external audit process, the outcome and the auditors' continued independence. A change in external auditor will be contemplated on advice of the Managing Director and/or CFO where there are concerns pertaining to quality, cost, independence or a combination thereof. This may be carried out by either requesting that the auditor resign at the next AGM, or by way of removal by resolution of the Company at a general meeting. Directors with appropriate accounting and finance experience in conjunction with the CFO are assigned to the task of handling audit and corporate reporting matters and reporting back to the full Board. External accounting and compliance specialists may also be engaged to assess and to advise upon the Company's reporting processes, internal controls and compliance obligations. Whilst certain individuals may assist in the financial reporting process, the Board acknowledges that the full Board is responsible for ensuring that the financial statements reflect their understanding of operations and provide a true and fair view as to the financial position and performance of the Company. The Audit and Risk Committee Charter is available on the Company's website.

Principle/Recommendation	Compliance by the Company
Recommendation 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 Board has implemented a process to receive written assurances from its Managing Director and Chief Financial Officer that the declarations that will be provided under section 295A of the *Corporations Act 2001* (Cth) are founded on a system of risk management and internal control and that the system is operating in all material respects in relation to financial reporting risks. The Board seeks these assurances prior to approving the annual financial statements for all half year and full year results that follow.
Recommendation 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 Company has adopted a formal Disclosure and Communication Policy, where there is an express requirement that the external auditor will attend the AGM and be available to answer questions about the conduct of the audit and the preparation and content of the auditor's report.
Principle 5 – make timely and balanced disclosure *A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.*	
Recommendation 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.	The Board has adopted a Disclosure and Communication Policy, which sets out the Company's commitment to the objective of promoting investor confidence and the rights of shareholders by: • complying with the continuous disclosure obligations imposed by law; • ensuring that Company announcements are presented in a factual, clear and balanced way; • ensuring that all shareholders have equal and timely access to material information concerning the Company; and • communicating effectively with shareholders and making it easy for them to participate in general meetings. The Disclosure and Communication Policy is available on the Company's website.
Principle 6 – Respect the rights of security holders *A listed entity should respect the rights of its security holders by providing them with appropriate information and facilities to allow them to exercise those rights effectively.*	
Recommendation 6.1 A listed entity should provide information about itself and its governance to investors via its website.	The Company recognises the rights of its shareholders and other interested stakeholders to have easy access to balanced, understandable and timely information concerning the operations of the Company. The Managing Director and the Company Secretary are primarily responsible for ensuring communications with shareholders are delivered in accordance with this strategy and with its current market disclosure policy. The Company strives to communicate with shareholders and other stakeholders in a regular manner as outlined in Principle 5 of this statement. Information concerning the Company and its governance practices are available on the Company's website.

Principle/Recommendation	Compliance by the Company
Recommendation 6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	As mentioned above under Recommendation 5.1, the Board has adopted a Disclosure and Communication Policy which supports its commitment to effective communication with its shareholders. In addition, the Company communicates with its shareholders: • by making timely market announcements; • by posting relevant information on to its website; • by inviting shareholders to make direct inquiries to the Company; and • through the use of general meetings.
Recommendation 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.	The Board encourages participation of shareholders at the Annual General Meeting or any other shareholder meetings to ensure a high level of accountability and identification with the Company's strategy and goals. Shareholders are requested to vote on the appointment and aggregate remuneration of Directors, the granting of options and shares to Directors, issue of shares and changes to the constitution.
Recommendation 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.	The Company's Shareholders may elect to receive information from the Company and its registry electronically. Otherwise, the Company and its registry will communicate by post with shareholders who have not elected to receive information electronically.
Principle 7 – Recognise and manage risk *A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.*	
Recommendation 7.1 The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) 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 (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.	The Board has not constituted a Risk Committee given the size of the Board and the nature and scale of its activities. The Board as a whole is responsible for the oversight of the Company's risk management and internal compliance and control framework. Responsibility for control of risk management is delegated to the appropriate level of management within the Company, with the Managing Director having ultimate responsibility to the Board for the risk management and internal compliance and control framework in accordance with the Audit and Risk Committee Charter. The Company has adopted an Audit and Risk Committee Charter which is available on the Company's website.

Principle/Recommendation	Compliance by the Company
Recommendation 7.2 The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	Under the Board Charter, the Board ensures that the Company has in place an appropriate risk management framework that sets out the Board expectations of management. As part of this process, the Board reviews, at least annually, the Company's risk management framework in order to satisfy itself that it continues to be sound. As a consequence of the last review undertaken for the year ended 30 June 2018, there were no significant recommendations made.
Recommendation 7.3 A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (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.	The Company does not have a dedicated internal audit function. Instead, the Board is responsible for ensuring that the Company has appropriate internal audit systems and controls in place, and for overseeing the effectiveness of these internal controls. The Board is also responsible for conducting investigations of breaches or potential breaches of these internal controls. In addition, the Board is responsible for preparing a risk profile which describes the material risks facing the Company, regularly reviewing and updating this risk profile, and assessing and ensuring that there are internal controls in place for determining and managing key risks.
Recommendation 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.	As detailed in the 'About Us' section of the Company's website. The Company specialises in providing superior oxidizing, non-brominated activated carbons that are non-corrosive and maintain maximum efficiency, eliminating the gradual deterioration caused by highly brominated carbons without sacrificing effectiveness. The Company's products are designed for use in a variety of applications and are domestically manufactured. The Company understands the economic and compliance challenges of each industry in which it serves and work closely with its partners to engineer an active carbon product that will meet their needs. All material risks are announced to the market in accordance with the requirements of the ASX Listing Rules. Refer to the Company's Annual Report for disclosures relating to the Company's material financial risks (including where applicable, those that could adversely affect the Company's prospects for future financial years) and how these risks are managed. Refer to commentary at Recommendations 7.1 and 7.2 for information on the Company's risk management framework.

Principle/Recommendation	Compliance by the Company
Principle 8 – Remunerate fairly and responsibly *A listed entity should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives to align their interests with the creation of value for security holders.*	
Recommendation 8.1 The board of a listed entity should: (a) have a remuneration committee which: (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) 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 (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.	The Company has not constituted a Nomination and Remuneration Committee given the size of the Board and the nature and scale of the Company's operations. The Board as a whole fulfils the functions normally delegated to the Remuneration Committee as detailed in the Nomination and Remuneration Charter. The Nomination and Remuneration Committee Charter is on the Company's website.
Recommendation 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	The Company's remuneration policy is disclosed in the Directors' Report which forms part of the Annual Report. The policy has been set out to ensure that the performance of Directors, key executives and staff reflect each person's accountabilities, duties and their level of performance, and to ensure that remuneration is competitive in attracting, motivating and retaining staff of the highest quality. A program of regular performance appraisals and objective setting for key executives and staff is in place. These annual reviews take into account individual and Company performance, market movements and expert advice.
Recommendation 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.	Directors, senior executives and other officers of the Company are permitted to trade in Company shares as long as they comply with the Company's Trading Policy. The Trading Policy is a code that is designed to minimise the potential for insider trading. A copy of the Trading Policy is available on the Company's website.

In accordance with Recommendation 2.2, all Board members are expected to be able to demonstrate the following attributes:

Board member attributes	
Leadership	Represents the Company positively amongst stakeholders and external parties; decisively acts ensuring that all pertinent facts considered; leads others to action; proactive solution seeker.
Ethics and integrity	Awareness of social, professional and legal responsibilities at individual, Company and community level; ability to identify independence conflicts; applies sound professional judgement; identifies when external counsel should be sought; upholds Board confidentiality; respectful in every situation.
Communication	Effective in working within defined corporate communications policies; makes constructive and precise contribution to the Board both verbally and in written form; an effective communicator with executives.
Negotiation	Negotiation skills which engender stakeholder support for implementing Board decisions.
Corporate governance	Experienced director that is familiar with the mechanisms, controls and channels to deliver effective governance and manage risks.