*Rules 4.7.3 and 4.10.3*[1]

# Appendix 4G

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Name of entity

Cirralto Limited

ABN/ARBN

099 084 143

Financial year ended

30 June 2018

Our corporate governance statement[2] for the above period above can be found attached.

The Corporate Governance Statement is accurate and up to date as at 28 September 2018.

Our corporate governance disclosures can be located www.cirralto.com

Date here: 28 September 2018

Sign here: 

Company Secretary

Print name: Justyn Stedwell

[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.

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 | A listed entity should disclose:<br>(a) the respective roles and responsibilities of its board and management; and<br>(b) those matters expressly reserved to the board and those delegated to management. | … the fact that we follow this recommendation:<br>☑ in our Corporate Governance Statement<br>… 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):<br>☑ in our Corporate Governance Statement AND<br>☑ at this location:<br>www.cirralto.com | |
| 1.2 | A listed entity should:<br>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and<br>(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:<br>☑ in our Corporate Governance Statement | |
| 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:<br>☑ 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 … |
|---|---|---|---|
| 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:<br><br>☑ in our Corporate Governance Statement | |
| 1.5 | A listed entity should:<br>(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;<br>(b) disclose that policy or a summary of it; and<br>(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:<br>(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<br>(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. | | ☑ 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 … |
|---|---|---|---|
| 1.6 | A listed entity should:<br>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and<br>(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):<br>☑ in our Corporate Governance Statement<br>… and the information referred to in paragraph (b):<br>☑ in our Corporate Governance Statement | |
| 1.7 | A listed entity should:<br>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and<br>(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):<br>☑ in our Corporate Governance Statement<br>… and the information referred to in paragraph (b):<br>☑ 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 … |
|---|---|---|---|
| PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE | | | |
| 2.1 | The board of a listed entity should:<br>(a) have a nomination committee which:<br>(1) has at least three members, a majority of whom are independent directors; and<br>(2) is chaired by an independent director,<br>and disclose:<br>(3) the charter of the committee;<br>(4) the members of the committee; and<br>(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<br>(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 (b):]<br>… 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:<br>☑ in our Corporate Governance Statement AND<br>☑ at this location:<br>www.cirralto.com | |
| 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. | | ☑ 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 … |
|---|---|---|---|
| 2.3 | A listed entity should disclose:<br>(a) the names of the directors considered by the board to be independent directors;<br>(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<br>(c) the length of service of each director. | … the names of the directors considered by the board to be independent directors:<br>☑ in our Corporate Governance Statement<br>… where applicable, the information referred to in paragraph (b): N/A<br>… the length of service of each director:<br>☑ at this location:<br>The Directors Report | |
| 2.4 | A majority of the board of a listed entity should be independent directors. | | ☑ an explanation why that is so in our Corporate Governance Statement |
| 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:<br>☑ in our Corporate Governance Statement | |
| 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:<br>☑ 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 … |
|---|---|---|---|
| PRINCIPLE 3 - ACT ETHICALLY AND RESPONSIBLY | | | |
| 3.1 | A listed entity should:<br>(a) have a code of conduct for its directors, senior executives and employees; and<br>(b) disclose that code or a summary of it. | … our code of conduct or a summary of it:<br><br>☑ in our Corporate Governance Statement AND<br><br>☑ at this location:<br><br>www.cirralto.com | |
| PRINCIPLE 4 - SAFEGUARD INTEGRITY IN CORPORATE REPORTING | | | |
| 4.1 | The board of a listed entity should:<br>(a) have an audit committee which:<br>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and<br>(2) is chaired by an independent director, who is not the chair of the board,<br>and disclose:<br>(3) the charter of the committee;<br>(4) the relevant qualifications and experience of the members of the committee; and<br>(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<br>(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 | [If the entity complies with paragraph (b):]<br>… 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:<br><br>☑ in our Corporate Governance Statement AND<br><br>☑ at this location:<br><br>www.cirralto.com | |

| 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 … |
|---|---|---|---|
| | the rotation of the audit engagement partner. | | |
| 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:<br><br>☑ 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:<br><br>☑ in our Corporate Governance Statement | |
| PRINCIPLE 5 - MAKE TIMELY AND BALANCED DISCLOSURE | | | |
| 5.1 | A listed entity should:<br>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and<br>(b) disclose that policy or a summary of it. | … our continuous disclosure compliance policy or a summary of it:<br><br>☑ in our Corporate Governance Statement AND<br><br>☑ at this location:<br><br>www.cirralto.com | |

| 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 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:<br><br>☑ at this location:<br><br>www.cirralto.com | |
| 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:<br><br>☑ in our Corporate Governance Statement AND<br><br>☑ at this location:<br><br>www.cirralto.com | |
| 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:<br><br>☑ in our Corporate Governance Statement AND<br><br>☑ at this location:<br><br>www.cirralto.com | |

| 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 … |
|---|---|---|---|
| 6.4 | 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:<br>☑ in our Corporate Governance Statement | |
| PRINCIPLE 7 - RECOGNISE AND MANAGE RISK | | | |
| 7.1 | The board of a listed entity should:<br>(a) have a committee or committees to oversee risk, each of which:<br>(1) has at least three members, a majority of whom are independent directors; and<br>(2) is chaired by an independent director,<br>and disclose:<br>(3) the charter of the committee;<br>(4) the members of the committee; and<br>(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<br>(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 (b):]<br>… 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:<br>☑ in our Corporate Governance Statement AND<br>☑ at this location:<br>www.cirralto.com | |
| 7.2 | The board or a committee of the board should:<br>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and<br>(b) disclose, in relation to each reporting period, whether such a review has taken place. | … the fact that we follow this recommendation:<br>☑ in our Corporate Governance Statement | |
| 7.3 | A listed entity should disclose:<br>(a) if it has an internal audit function, how the function is structured and what role it performs; OR<br>(b) if it does not have an internal audit function, that | [If the entity complies with paragraph (b):]<br>… the fact that we do not have an internal audit function and the processes we employ for evaluating and continually | |

| 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 … |
|---|---|---|---|
| | fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes. | improving the effectiveness of our risk management and internal control processes:<br><br>☑ 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:<br>☑ in our Corporate Governance Statement | |
| PRINCIPLE 8 - REMUNERATE FAIRLY AND RESPONSIBLY | | | |
| 8.1 | The board of a listed entity should:<br>(a) have a remuneration committee which:<br>(1) has at least three members, a majority of whom are independent directors; and<br>(2) is chaired by an independent director,<br>and disclose:<br>(3) the charter of the committee;<br>(4) the members of the committee; and<br>(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<br>(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 (b):]<br>… 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:<br><br>☑ in our Corporate Governance Statement AND<br><br>☑ at this location:<br><br>www.cirralto.com | |

| 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 … |
|---|---|---|---|
| 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:<br><br>☑ in our Corporate Governance Statement | |
| 8.3 | A listed entity which has an equity-based remuneration scheme should:<br>(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<br>(b) disclose that policy or a summary of it. | … our policy on this issue or a summary of it:<br><br>☑ in our Corporate Governance Statement | |

**CIRRALTO LIMITED**

**CORPORATE GOVERNANCE STATEMENT**

**27 September 2018**

**Introduction**

Cirralto Limited ("Cirralto" or the "Company") is an Australian Securities Exchange (ASX) listed entity.

The Company aims to maximise returns to its investors by capital appreciation and when profitable, via a declaration of dividends to each shareholder in proportion to their interest in the Company.

The Board of Directors is responsible for establishing the corporate governance framework of the Company and establishing appropriate Corporate Governance policies and procedures having regard to the ASX Corporate Governance Council (CGC) published guidelines as set out in its "Corporate Governance Principles and Recommendations" (Revised Principles, 3nd Edition). The Board of Directors continues to review the framework and practices to ensure they meet the interests of shareholders.

This Corporate Governance Statement is structured with reference to the CGC's published guidelines containing 8 key principles. The charters and policies described in this Corporate Governance Statement represent a concise version of those charters and policies that have been, or will be adopted by the Board of Directors in line with the CGC's recommendations.

The Board of Directors has adopted the best practice recommendations as outlined by the CGC to the extent that is deemed appropriate considering the current size and operations of Cirralto. Therefore, where the Board considers that the cost of implementing a recommendation outweighs any potential benefits, those recommendations have not been adopted.

The Company's Corporate Governance charters and policies can be found on the Company's website, www.cirralto.com

**PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT**

*ROLE OF THE BOARD AND MANAGEMENT*

The Board of Directors of Cirralto, together with management, is collectively experienced in the management of listed companies.

The Board is responsible for providing strategic guidance and for contributing to the development of the corporate strategy and performance objectives, including the implementation of a business strategy, the annual budget and financial plan, monitoring the Company's financial performance and ensuring that appropriate management is in place to achieve these objectives. The Board monitors risk, compliance and financial reporting. The Board is responsible for approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures of assets. It is the role of senior management to manage the Company in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of management in carrying out these delegated duties.

The Board may delegate to its sub-committees, an officer of a group company, or any other person an authority to perform any of its functions and exercise any of its powers, in the ordinary course of business. This includes the day to day administration of its assets, including ensuring that assets are adequately insured where necessary; that detailed market investigations and effective due diligence is carried out on proposed investments, acquisitions or joint ventures; that capital required to develop the Company's intellectual property, proposed investments or acquisitions as well as general working capital requirements is adequate; and that there is effective risk management, financial management and compliance management of the Company's assets.

*BOARD APPOINTMENTS*

The Company undertakes reference checks prior to appointing a director, or putting that person forward as a candidate to ensure that person is competent, experienced, and would not be impaired in any way from undertaking the duties of director. The Company provides relevant information to shareholders for their consideration about the attributes of candidates together with whether the Board supports the appointment or re-election.

The terms of the appointment of a non-executive director, executive directors and senior executives are agreed upon and set out in writing.

*COMPANY SECRETARY*

The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board, including agendas, Board papers and minutes, advising the Board on governance matters, monitoring that Board policies and procedures are followed, communication with regulatory bodies and the ASX and statutory and other filings.

*DIVERSITY*

At this stage, the Board does not consider it relevant to establish a diversity policy due to the current size of the Company and the scale of its operations.

The Company does not have a diversity policy and therefore has not set any measurable objectives for achieving gender diversity**.** There are currently no women on the Board of Directors or in senior management positions. Of eleven employees, two are female.

The Company will consider implementing a diversity policy and measurable objectives to achieving diversity in 2019.

*BOARD AND KMP PERFORMANCE*

The Board considers the ongoing development and improvement of its own performance, the performance of individual directors and Board Committees as critical to effective governance.

The Board has adopted a self-evaluation process to measure its own performance. The performance of the Board and individual directors is reviewed when considered necessary by the Board as a whole. This process includes a review in relation to the composition and skills mix of the Directors of the Company.

Performance reviews involve analysis based on key performance indicators. The criteria for evaluating performance, is aligned with the financial and non-financial objectives of the Company. The Board will consider the outcome of each review and develop a series of actions to guide and monitor improvement. The Board review did not occur during the 2018 financial year, the Board intends to conduct a Board review in the 2019 financial year.

When applicable, the Board assesses the performance of KMP against qualitative and quantitative key performance indicators relevant to each KMP. A review of KMP did not occur during the 2018 financial year, however, a review has recently been conducted in the current 2019 financial year.

*INDEPENDENT ADVICE*

Directors collectively or individually have the right to seek independent professional advice at the Company's expense, up to specified limits, to assist them to carry out their responsibilities. All advice obtained is made available to the Full Board.

**PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE**

*STRUCTURE AND COMPOSITION OF THE BOARD*

The skills, length of service, experience and expertise relevant to each position held by each director in office at the date of the annual report and throughout the 2018 financial year is included in the Directors' Report.

The Board assesses whether a director is independent in accordance with the CGC's independence guidelines. The Board does not consist of a majority of independent directors with two of four directors being independent. Peter Richards who joined the Board as non-executive Chairperson during the period, as well as Stephan Dale are considered to be independent directors. Due to the size of the Company, its financial resources and the nature of its operations, the Board does not consider it necessary to have a majority of independent directors. The Board considers that the presence of two independent directors one of which is the Chair of the Board provides the Board with sufficient independent presence.

*NOMINATION OF DIRECTORS*

The Board is responsible for the nomination and selection of directors. A separate Nomination Committee has not been formed. The Board considers that at this stage in the Company's development, no benefits or efficiencies are to be gained by delegating this function to a separate committee.

Directors are appointed based on the specific skills required to effectively govern the company. The Board periodically assesses the competencies and experience of each Board member and the experiences and skills required at Board level to meet its operational objectives. The Board has not developed a formal Board skill matrix. The Board will consider developing a formal Board skills matrix during the 2019 financial year.

*INDUCTION OF DIRECTORS AND PROFESSIONAL DEVELOPMENT*

A new director induction program is in place and Directors are encouraged to engage in professional development activities to develop and maintain the skills and knowledge needed to perform their role as Directors effectively.

**PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBILY**

*CODE OF CONDUCT*

The Board of Cirralto is committed to its Code of Conduct.

The Code of Conduct aims to promote ethical and responsible decision making. The Code of Conduct requires all employees to exhibit honesty, loyalty, integrity, professionalism and trust in their dealings, both internally and externally. Cirralto aims for good corporate governance and in summary, requires employees/directors to:

- avoid situations which may give rise to a conflict of interest;
- avoid situations where they may profit from their position with the Company and gain any benefit which competes with Cirralto's business;
- comply with all laws and regulations and Company policies and procedures;
- not undertake activities inconsistent with their employment with Cirralto;
- properly use Cirralto's assets for legitimate business purposes; and
- maintain privacy and confidentiality in both Cirralto's business and the information of all its stakeholders.

*CONFLICTS OF INTEREST*

The Board of Cirralto is committed to good corporate governance and aims for continuous improvement in these practices. Cirralto embraces high ethical standards and requires its employees to demonstrate both personal and corporate responsibility. Directors, officers and employees are required to safeguard the integrity of the Company and to act in the best interests of its stakeholders, generally shareholders.

There must be no conflict, or perception of a conflict, between the interests of any Cirralto Director, officer or employee and the responsibility of that person to the Company and to the stakeholders. All Cirralto Directors, officers and employees may never improperly use their position for personal or private gain for themselves, a family member, or any other person ("associates").

As a general rule, a conflict of interest, or the perception of a conflict, may arise if their duties involve any actual or potential business with a person, entity or organisation in which they, or their associates, have a substantial personal or financial interest. Accordingly, the following rules apply:

- Without prior Board approval, Directors, officers and employees may not act on behalf of Cirralto in connection with any business or potential business involving any person, entity or organisation in which they or their associates have direct or indirect managerial influence (such as serving as an Executive Officer, Director, general partner or similar position or holding a substantial ownership or beneficial interest); and
- Where a potential conflict exists, this should be disclosed to the Chairman prior to any dealings taking place.

*SHARE TRADING POLICY*

The Company has a share trading policy that regulates the dealings by Directors, Officers and Consultants, in shares, options and other securities issued by the Company. The policy has been formulated to ensure that Directors, Officers, Employees and Consultants who work on a regular basis for the Company are aware of the legal restrictions on trading in Company securities while in possession of unpublished price-sensitive information.

**PRINCIPLE 4: SAFEGUARD INTEGRITY IN CORPORATE REPORTING**

*AUDIT COMMITTEE*

The Board has assumed the responsibilities normally delegated to the Audit and Risk Committee as set out in the Company's Audit and Risk Committee Charter. Due to the size of the Company, the Board does not believe it is necessary to establish a separate Audit and Risk Committee structure.

In fulfilling the responsibilities of the Audit and Risks Committee, the Board:

- Meets with the external auditors at least twice a year and reviews any significant disagreements between the auditors and management irrespective of whether they have been resolved;
- Review of the audit plan with the external auditors and evaluates the effectiveness of the external audit; and
- Fulfills all obligations of the Audit and Risk Committee as set out in the Company's Audit and Risk Committee Charter.

*CHAIRMAN & COMPANY SECRETARY DECLARATIONS*

The CEO and Company Secretary (the Company does not have a CFO) have provided the Board with 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.

*EXTERNAL AUDITOR*

The Company's external auditor attends each annual general meeting and is available to answer any questions with regard to the conduct of the audit and their report.

Prior approval of the Board must be gained for non-audit work to be performed by the external auditor. There are qualitative limits on this non-audit work to ensure that the independence of the auditor is maintained.

There is also a requirement that the audit partner responsible for the audit not perform in that role for more than five years.

**PRINCIPLE 5: MAKING TIMELY AND BALANCED DISCLOSURE**

Cirralto's Continuous Disclosure Policy is designed to promote transparency and investor confidence and ensure that all interested parties have an equal opportunity to obtain information which is issued by Cirralto. The Company is committed to complying with the continuous disclosure obligations contained in the listing rules of the Australian Securities Exchange (ASX) and under the *Corporations Act*, and ensuring that all shareholders and the market have an equal opportunity to obtain and review full and timely information about Cirralto's securities.

The ASX defines continuous disclosure in its Listing Rules as "the timely advising of information to keep the market informed of events and developments as they occur". The Listing Rules and the *Corporations Act* require that a listed entity disclose to the market matters which a reasonable person would expect to have a material effect on the price or value of the entity's securities. A reasonable person is taken to expect information to have a material effect on the price or value of securities if it would, or would be likely to, influence persons who commonly invest in securities in deciding whether or not to subscribe for, buy or sell the securities.

The Board controls all of Cirralto's communications with assistance from the Company Secretary in carrying out this responsibility. The Board as a whole are the only persons authorised to approve the release of material information to the market. The Company Secretary is responsible for administering this policy and is responsible for dealing with the ASX in relation to all listing rule issues.

The procedures which have been developed to comply with these rules include immediate reporting of any matter which could potentially have a material effect, via established reporting lines to the Chairman and/or the Company Secretary.

Disclosure of such price-sensitive information to the ASX must not be delayed and is disclosed, in the first instance, to the ASX. Material information must not be selectively disclosed (i.e. to analysts, the media or shareholders) prior to being announced to the ASX, and all media releases must be referred to the Board for approval prior to any release.

*TRADING POLICY*

Cirralto's Share Trading Policy ensures that unpublished price sensitive information about the Company is not used in an unlawful manner. The main provisions of this policy are governed by:

- the specific requirements of the *Corporations Act*;
- a prohibition of short term trading in Cirralto shares;
- when Directors and employees may trade in Cirralto shares; and
- prior notification by Directors, officers and employees of their intention to deal in Cirralto shares.

A summary of the Policy is as follows:

In accordance with the insider trading provisions of the *Corporations Act*, all of the Company's directors, officers and employees are prohibited from trading in the Company's shares while in possession of Inside Information concerning the Company.

Directors, officers and employees should never communicate any inside Information to any other person, including family members and associates.

"Inside Information" means information that is not disclosed or generally available and, if it were disclosed or generally available, a reasonable person would expect it to have a material effect on the price or value of the Company's shares.

In addition, directors, officers and employees are prohibited from trading in the Company's shares during:

- each period of 45 days immediately prior to the intended date upon which the Company releases its annual financial statements to the ASX;
- each period of 45 days immediately prior to the intended date upon which the Company releases its half year financial statements to the ASX;
- each period of 14 days immediately prior to the intended date upon which the Company holds its annual general meeting; and
- each period of 4 hours immediately after the date upon which the Company issues a price-sensitive ASX announcement.

No director, officer or employee may deal in Company shares at any time for short term gain, including buying and selling Company shares in a 3-month period, without the written approval of the Chairman or in the case of the Chairman the remaining Board members.

In order to ensure compliance with the Policy all directors, officers and employees must discuss any proposed dealing with the Chairman or the Company Secretary prior to trading Company shares at any time.

**PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS**

Cirralto's communication strategy is to promote effective communication with shareholders.

Cirralto is committed to:

- ensuring that shareholders and the financial markets are provided with full and timely information about Cirralto's activities in a balanced and understandable way;
- complying with continuous disclosure obligations contained in the applicable Australian Securities Exchange (ASX) Listing Rules and the *Corporations Act* in Australia; and
- communicating effectively with its shareholders and making it easy for shareholders to communicate with the Company.

To promote effective communication with shareholders and encourage effective participation at general meetings, information is communicated to shareholders:

- through the release of information to the market via the ASX;
- through the distribution of the Annual Report and Notices of Annual General Meetings;
- through shareholder meetings;
- through letters and other forms of communications directly to shareholders;
- by posting relevant information on Cirralto's website; and
- by providing shareholders with a choice of information delivery options i.e. paper or electronic means.

The Company maintains information in relation to its corporate governance documents, Directors and senior executives, Board and committee charters, annual reports and ASX announcements on the Company's website.

The external Auditors attend the Annual General Meeting and are available to answer shareholders' questions about the conduct of the audit and preparation of the Auditor's Report.

**PRINCIPLE 7: RECOGNISE AND MANAGE RISK**

The Board of Cirralto takes a proactive approach to the Company's risk management and internal compliance and control system. The Board implements and maintains risk management and internal control systems to manage the Company's material business risks. The Board reviews the Company's risk management framework at least annually to satisfy itself that it continues to be sound. A review of the Company's risk management framework occurred during the year.

The Board of Cirralto is responsible for ensuring that risks are identified and mitigated on a timely basis and that the Company's objectives and activities are aligned with the risks and opportunities identified by the Board of Directors. An internal audit function has not been established as the Board considers that at this stage in the Company's development, no benefits or efficiencies are to be gained by delegating the tasks to a separate function.

The Company's risk management processes aimed at achieving the following:

- a culture of risk control and the management of risk throughout the Company;
- a culture of risk control that can easily identify risks as they arise and amend practices;
- the installation of practices and procedures in all areas of the business that are designed to minimise an event or incident that could have a financial or other effect on the business and its day to day management; and

- adoption of practices and procedures to minimise many of the standard commercial risks, i.e., taking out the appropriate insurance policies and ensuring compliance reporting is up to date.

Management reports to the Board on the effectiveness of the Company's management of its material business risks. In addition, the Board undertakes a review of all major activities to assess risk and the effectiveness of strategies implemented to manage risk. During the reporting period, management has reported to the Board as to the effectiveness of the Company's management of its material business risks.

The Company faces risks inherent to its business, including economic risks, which may materially impact the Company's ability to create or preserve value for security holders over the short, medium or long term. The Company has in place policies and procedures, including a risk management framework (as described in the Company's Risk Management Policy), which is developed and updated to help manage these risks. The Board does not consider that the Company currently has any material exposure to environmental or social sustainability risks

**PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY**

Given the size of the Board and the Company, the Board does not consider it appropriate to have a Remuneration Committee at this stage. The Board is responsible for the Company's remuneration policy and has adopted a Remuneration Policy which outlines processes by which the Board shall review officer and management remuneration.

The Company is committed to remunerating its officers and executives fairly and to a level which is commensurate with their skills and experience and which is reflective of their performance.

The Board will monitor and review:

- the remuneration arrangements for the Chief Executive Officer and other executive directors and set parameters within which the Chief Executive Officer will review arrangements for other senior executives;
- the remuneration policies, personnel practices and strategies of the Company generally;
- any employee incentive schemes;
- the remuneration arrangements for non-executive Directors;
- the size and composition of the Board and criteria for Board membership; and
- the membership of the Board and candidates for consideration by the Board.

The Company remunerates directors and key executives fairly and appropriately with reference to the skills and experience of the director/executive and employment market conditions. Any bonus or incentive payments made to directors and executives are based on the achievement of set financial and/or operational performance targets. Payment of equity-based remuneration is made in accordance with thresholds set in plans approved by shareholders. Participants in an equity based remuneration scheme are prohibited from entering into any transaction that would have the effect of hedging or otherwise transferring the risk of any fluctuation in the value of any unvested entitlement in the Company's securities to any other person.

The Company is committed to remunerating its staff, executives and consultants in a manner that is market-competitive and consistent with 'Best Practice' as well as supporting the interests of Shareholders. Senior Management may receive a remuneration package based on fixed and variable components, determined by their position and experience. Shares and/or Options may also be granted based on an individual's performance, with those granted to Directors subject to Shareholder approval.

Non-Executive Directors are paid their fees out of the maximum aggregate amount approved by Shareholders for the remuneration of Non-Executive Directors. Non-Executive Directors do not receive performance based bonuses and do not participate in Equity Schemes of the Company without prior Shareholder approval.

The Company has provided disclosure of a summary of its remuneration policies for the Company's officers in Directors' Report.

Payment of equity-based remuneration is made in accordance with thresholds set in plans approved by shareholders.

There is no scheme to provide retirement benefits other than statutory superannuation to non-executive directors. For details of the amount of remuneration, and all monetary and non-monetary components, for each of the five highest-paid executives during the year and for all directors, refer to the Directors' report.