

Statement of compliance with ASX Corporate Governance Principles (3rd Edition)

1. This Statement describes the corporate governance practices of CTL Australia Group Limited ACN 612 052 623 (**Company**) as at the date of applying for admission to the official list of the Australian Securities Exchange (ASX).
2. As a company listed on ASX, the Company is required under the ASX Listing Rules to provide a statement disclosing the extent to which it will follow, as at the date of its admission to the official list, the recommendations set out in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd Edition) (**Recommendations**) and must identify the Recommendations that will not be followed (if any) and reasons for not following them.
3. The Company's position in relation to each of the Recommendations is set out in the table below.

Copies of the Company's corporate governance documents are available on its website at www.ausctl.com

Recommendation	Compliance	Description
<p>Principle 1: Lay solid foundations for management and oversight A listed entity should establish and disclose the respective roles and responsibilities of its board and management and how their performance is monitored and evaluated.</p>		
<p>Recommendation 1.1 A listed entity should disclose:</p> <ul style="list-style-type: none"> 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. 	<p>✓</p>	<p>The Board operates under a Board Charter (a copy of which is available on the Company's website at www.ausctl.com). The Board Charter sets out the functions and responsibilities of the Board and management, which is governed by the Company's Constitution.</p> <p>The Board is accountable to the Company's shareholders for the Company's performance. The Board's responsibilities include, but are not limited to:</p> <ul style="list-style-type: none"> (a) reviewing and approving strategic direction developed by management; (b) appraising budgetary and general financial performance; (c) taking a proactive approach to risk management and to monitor the Company's risk management programmes; (d) reviewing the Board's performance and assessing the need for new members and sub committees and disclosing such information on a timely basis; (e) monitoring the Corporate Social Responsibility and the Environmental Responsibility of the Company, having regard to the Company's practices and impact on stakeholders and environment; (f) giving careful consideration to the external and internal audit reviews and recommendations; (g) assess that major capital and other expenditure, and assessing proposed expenditure when the amount is in excess of management delegation; and (h) actively reviewing the Company's corporate governance and assessing policies and procedures. <p>The Board delegates the day-to-day management of the Company to the CEO and senior management. However, overall responsibility of the direction, and financial wellbeing of the Company rests with the Board. The Board may request information from the CEO, or other executive/manager, on any issue relevant to the management of the Company.</p> <p>The CEO is charged with the day-to-day management of the operations of the Company and reports to the Board. The overall duties of the CEO include, but are not limited to:</p> <ul style="list-style-type: none"> a) implementing business practices not in opposition with the strategic direction of the Company; b) operating the Company in an ethical and sustainable manner and always acting within the delegated authority; c) maintaining effective risk management programmes; d) appointing senior management and monitoring their performance; and e) preparing a clear presentation of relevant financial and analytical information for the Board's appraisal.

<p>Recommendation 1.2</p> <p>A listed entity should:</p> <p>a) Undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</p> <p>b) Provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.</p>	<p>✓</p>	<p>The Board ensures that appropriate checks are undertaken before it appoints a person, or puts forward to security holders a new candidate for election, as a director. This includes checks as to the person's character, experience, education, criminal record and bankruptcy history.</p> <p>The Company provides the following information about a candidate standing for election or re-election as a director to security holders to enable them to make an informed decision on whether or not to elect or re-elect the candidate:</p> <ul style="list-style-type: none"> • biographical details, including their relevant qualifications and experience and the skills they bring to the board; • details of any other material directorships currently held by the candidate; <p>The Company provides the following information about a candidate standing for election as a director for the first time:</p> <ul style="list-style-type: none"> • any material adverse information revealed by the checks the entity has performed about the director; • details of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his or her capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the entity and its security holders generally; and • if the board considers that the candidate will, if elected, qualify as an independent director, a statement to that effect; <p>The Company provides the following information about a candidate standing for re-election as a director:</p> <ul style="list-style-type: none"> • the term of office currently served by the director; and • if the board considers the director to be an independent director, a statement to that effect; and • a statement by the board as to whether it supports the election or re-election of the candidate.
<p>Recommendation 1.3</p> <p>A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>	<p>✓</p>	<p>Each of the Company's directors and senior executives have entered into service contract or, where appropriate, a letter of appointment.</p> <p>These documents provide the roles and responsibilities of the individual, giving them a clear understanding of the Company's expectations of them.</p> <p>The Company regularly discloses the material terms of, and subsequent variations to, any employment, service or consultancy agreement it or a child entity enters into with its directors and senior executives, and any other person or entity who is a related party of its directors and senior executives.</p>
<p>Recommendation 1.4</p> <p>The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.</p>	<p>✓</p>	<p>The company secretary is accountable directly to the board. Each director is able to communicate directly with the company secretary and vice versa.</p> <p>The role of the company secretary includes, but is not limited to:</p> <ul style="list-style-type: none"> • advising the board and its committees on governance matters; • monitoring that board and committee policy and procedures are followed; • coordinating the timely completion and despatch of board and committee papers; • ensuring that 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.

<p>Recommendation 1.5</p> <p>A listed entity should:</p> <p>a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>b) disclose that policy or a summary of it; and</p> <p>c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either:</p> <ol style="list-style-type: none"> 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. 	<p>×</p>	<p>As described in the Company's Diversity Policy (a copy of which is available on the Company's website at www.ausctl.com) the company respects and values the competitive advantage of diversity (which includes, but is not limited to gender, age, ethnicity and cultural background).</p> <p>The Board, at all times, seeks to deploy the best people it can in whatever role. The Board calls this the Company's 'Merit and Ability' philosophy. The 'Merit and Ability' philosophy is used to employ, promote and contract on the basis of merit, ability, performance, responsibility, integrity, attitude and work ethic.</p> <p>Central to the successful operation of the Company's 'Merit and Ability' philosophy is that considerations of age, race, religion, creed or gender have no positive or negative bias in employment or contracting decisions. This is termed the 'No Bias Employment' principle. The Board encourages transparent and contestable employment processes. It strives to keep the workplace environment open and diverse, with no bias involved in any employment process.</p> <p>In light of the Board's 'Merit and Ability' philosophy, the Company has not created a formal diversity policy. The Board does not consider that the creation and implementation of a formal diversity policy will provide any measurable benefit to the Company which would not be otherwise be achieved by the 'Merit and Ability' philosophy and 'No Bias Employment' principle. The Company views that the combination of the 'Merit and Ability' philosophy and the 'No Bias' principle leaves open the widest possible recruitment pool. In turn, this leads to the greatest potential for diversity to enrich the Company.</p> <p>As the Company does not have a formal diversity policy, it has not implemented measurable objectives for gender diversity. The Company does not see such a policy as appropriate. The Board views that setting quantitative gender or other measurable targets is entirely inconsistent with the Company's 'Merit and Ability' philosophy and 'No Bias Employment' principle.</p> <p>The Company is not a "relevant employer" under the Workplace Gender Equality Act.</p>
<p>Recommendation 1.6 and 1.7:</p> <p>A listed entity should:</p> <p>a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p> <p>c) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>d) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>✓</p>	<p>The Nomination and Remuneration Committee, chaired by a non-executive director, is responsible for ensuring there is a rigorous, formal process for the review of the performance of the Board, Board Committees, individual directors and senior executives and addressing any issues that may emerge from that review.</p> <p>An alternative non-executive director is responsible for the performance evaluation of the chair.</p> <p>The Company's annual report will include whether a performance evaluation was undertaken and, where appropriate, disclose any insights it has gained from the evaluation and any governance changes it has made as a result.</p>
<p>Principle 2: Structure the board to add value</p> <p>A listed entity should have a board of an appropriate size, composition, skills and commitment to enable it to discharge its duties effectively.</p>		

<p>Recommendation 2.1</p> <p>The board of a listed entity should:</p> <p>a) have a nomination committee that:</p> <ol style="list-style-type: none"> 1) has at least three members, a majority of whom are independent directors; and 2) is chaired by an independent director, and disclose: <ol style="list-style-type: none"> 3) the charter of the committee; 4) the members of the committee; and 5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or <p>b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively</p>	✓	<p>The Board has established a Nomination and Remuneration Committee which is responsible for assisting the Board to fulfilling its corporate governance responsibilities in regard to nomination and remuneration matters. The Committee has at least three members, a majority of whom are independent directors and is chaired by an independent director.</p> <p>The Nomination and Remuneration Committee Charter outlines the Committee's authority, duties, responsibility and relationship with the Board and is available on the Company's website (www.ausctl.com).</p> <p>The Annual Report will provide the members of the Committee, the number of times the committee met throughout the relevant period and the individual attendances of the members at those meetings.</p>																				
<p>Recommendation 2.2</p> <p>A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	✓	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Skills and Experience</th> <th style="text-align: right;">Board</th> </tr> </thead> <tbody> <tr> <td>Executive leadership</td> <td style="text-align: right;">80%</td> </tr> <tr> <td>Global experience</td> <td style="text-align: right;">40%</td> </tr> <tr> <td>Governance</td> <td style="text-align: right;">80%</td> </tr> <tr> <td>Strategy</td> <td style="text-align: right;">100%</td> </tr> <tr> <td>Financial acumen</td> <td style="text-align: right;">80%</td> </tr> <tr> <td>Health, safety and environment</td> <td style="text-align: right;">100%</td> </tr> <tr> <td>Remuneration</td> <td style="text-align: right;">100%</td> </tr> <tr> <td>Marketing</td> <td style="text-align: right;">100%</td> </tr> <tr> <td>Public policy</td> <td style="text-align: right;">80%</td> </tr> </tbody> </table>	Skills and Experience	Board	Executive leadership	80%	Global experience	40%	Governance	80%	Strategy	100%	Financial acumen	80%	Health, safety and environment	100%	Remuneration	100%	Marketing	100%	Public policy	80%
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<p>Recommendation 2.3</p> <p>A listed entity should disclose:</p> <p>a) the names of the directors considered by the board to be independent directors;</p> <p>b) if a director has an interest, position, association or relationship of the type described in Box 2.3 in the <i>ASX Corporate Governance Principles and Recommendations: 3rd Edition</i> but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>c) the length of service of each director.</p>	✓	<table border="1" data-bbox="884 220 1877 593"> <thead> <tr> <th data-bbox="884 220 1252 277">Director</th> <th data-bbox="1252 220 1563 277">Length of Service</th> <th data-bbox="1563 220 1877 277">Independence status</th> </tr> </thead> <tbody> <tr> <td data-bbox="884 277 1252 360">Shao Xubin</td> <td data-bbox="1252 277 1563 360">Since incorporation on 26 April 2016</td> <td data-bbox="1563 277 1877 360">Not independent</td> </tr> <tr> <td data-bbox="884 360 1252 418">Wang Kun</td> <td data-bbox="1252 360 1563 418">Appointed 8 December 2016</td> <td data-bbox="1563 360 1877 418">Not Independent</td> </tr> <tr> <td data-bbox="884 418 1252 475">Fang Ya Wen</td> <td data-bbox="1252 418 1563 475">Appointed 8 December 2016</td> <td data-bbox="1563 418 1877 475">Not Independent</td> </tr> <tr> <td data-bbox="884 475 1252 533">Gary Francis</td> <td data-bbox="1252 475 1563 533">Appointed 5 August 2016</td> <td data-bbox="1563 475 1877 533">Independent</td> </tr> <tr> <td data-bbox="884 533 1252 593">Andrew Martin</td> <td data-bbox="1252 533 1563 593">Appointed 4 August 2016</td> <td data-bbox="1563 533 1877 593">Independent</td> </tr> </tbody> </table>	Director	Length of Service	Independence status	Shao Xubin	Since incorporation on 26 April 2016	Not independent	Wang Kun	Appointed 8 December 2016	Not Independent	Fang Ya Wen	Appointed 8 December 2016	Not Independent	Gary Francis	Appointed 5 August 2016	Independent	Andrew Martin	Appointed 4 August 2016	Independent
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<p>Recommendation 2.4</p> <p>A majority of the board of a listed entity should be independent directors.</p>	×	<p>The Board consists of five directors, two of whom are considered independent as defined by the ASX Listing Rules and the ASX Corporate Governance Principles and Recommendations (3rd Edition).</p> <p>The independent directors are Gary Francis and Andrew Martin.</p> <p>The Board considers that its current composition is appropriate and that the decisions of the board will reflect the best interests of the entity and its security holders generally and not be biased towards the interests of management or any other person or group with whom a non-independent director may be associated.</p>																		
<p>Recommendation 2.5</p> <p>The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.</p>	×	<p>Mr Shao Xubin, an executive director, is the current chair of the board. The board therefore believes there is no separation between those charged with managing the Company and those responsible for overseeing its managers but considers Mr Shao Xubin is the appropriate person for the position because of his experience in the establishment and development of the Company. Another Director, Mr Wang Kun, is the CEO.</p>																		
<p>Recommendation 2.6</p> <p>A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.</p>	✓	<p>The nomination committee regularly reviews whether the board has the appropriate skills, knowledge and familiarity with the Company and its operating environment. If and when gaps are identified the Company will provide suitable training or development to fill those gaps.</p>																		
<p>Principle 3: Act ethically and responsibly</p> <p>A listed entity should act ethically and responsibly</p>																				

<p>Recommendation 3.1</p> <p>A listed entity should:</p> <p>a) have a code of conduct for its directors, senior executives and employees; and</p> <p>b) disclose that code or a summary of it.</p>	<p>✓</p>	<p>The Company has a Code of Conduct which is available on the Company's website (www.ausctl.com).</p> <p>The Code of Conduct outlines the Company's philosophy and corporate values and provides the framework for dealing with conflicts of interest to protect and promote the interests of the shareholders. The Code of Conduct is applicable to all employees and Directors in the Company and its subsidiaries.</p> <p>The Code of Conduct covers conflicts of interest, receipt of gifts and entertainment, bribes, media, social and environmental awareness and compliance with laws and policies.</p> <p>The Code of Conduct also details the procedure for reporting actual or suspected violations of the code.</p>
<p>Principle 4: Safeguard integrity in corporate reporting</p> <p>A listed entity should have formal and rigorous processes that independently verify and safeguard the integrity of its corporate reporting.</p>		
<p>Recommendation 4.1</p> <p>The board of a listed entity should:</p> <p>a) have an audit committee that:</p> <ol style="list-style-type: none"> 1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and 2) is chaired by an independent director, who is not the chair of the board; <p>and disclose:</p> <ol style="list-style-type: none"> 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 <p>b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner</p>	<p>✓</p>	<p>The Company has established an Audit Risk and Compliance Committee. The Audit Risk and Compliance Committee comprises of three non-executive directors, two of whom are independent directors. The chair of the Audit Risk and Compliance Committee is an independent non-executive director.</p> <p>The Company has an Audit Risk and Compliance Committee Charter which is available on the Company's website (www.ausctl.com). The Primary objective of the Committee is to ensure:</p> <ul style="list-style-type: none"> • effective management of financial and other material business risks; • reliable management and financial reporting, including half and full year accounts; • compliance with laws and regulations; and • maintenance of an independent, effective and efficient audit. <p>The Annual Report will provide:</p> <ul style="list-style-type: none"> • the members of the Committee; • the relevant qualifications and experience of the members of the committee; • the number of times the committee met throughout the relevant period; and • the individual attendances of the members at those meetings.

<p>Recommendation 4.2</p> <p>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.</p>	✓	<p>Before the Board approves the consolidated financial statements for each financial period, the group's CEO and CFO provide a declaration that, in their opinion, the financial records have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the 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.</p>
<p>Recommendation 4.3</p> <p>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.</p>	✓	<p>The Company will make every effort to ensure its external auditor attends the AGM and is available to answer questions from security holders relevant to the audit.</p>
<p>Principle 5: Make timely and balanced disclosure</p> <p>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.</p>		
<p>Recommendation 5.1</p> <p>A listed entity should:</p> <p>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</p> <p>(b) disclose that policy or a summary of it.</p>	✓	<p>The Company has a Continuous Disclosure Document which is available on the Company's website (www.ausctl.com).</p> <p>The purpose of this continuous disclosure policy is to outline the requirements under Corporations Act 2001 (Cth) and ASX Listing Rules for the Company to ensure that that the market is fully informed about the Company's strategy, financial performance and outlook and business operations.</p>
<p>Principle 6: Respect the rights of security holders</p> <p>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</p>		
<p>Recommendation 6.1</p> <p>A listed entity should provide information about itself and its governance to investors via its website.</p>	✓	<p>The Company has a website with a 'Statements and Policies' landing page which contains all of the Company's corporate governance information.</p> <p>The website contains pages with other relevant information including, but not limited to:</p> <ul style="list-style-type: none"> • the names, photographs and brief biographical information for each of its directors and senior executives; • its board charter and the charters of each of its board committees; • the corporate governance policies and other corporate governance materials referred to in these recommendations. • copies of its annual reports and financial statements; • copies of its announcements to ASX; • copies of notices of meetings of security holders and any accompanying documents; • an overview of the entity's current business; and • a summary of the entity's history.

<p>Recommendation 6.2</p> <p>A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.</p>	✓	<p>The Company has a Shareholder Communication Policy which is available on the Company's website (www.ausctl.com).</p> <p>The Shareholder Communication Policy describes information that is circulated to the Company's shareholders and extends beyond the mandatory requirements which are outlined in the Company's Continuous Disclosure Policy. Information is provided in accordance with this Policy for the purpose of enabling investors to have a greater understanding of the Company's financial position and direction, including the Company's business, governance, financial performance and prospects.</p> <p>The Company is in the process of developing its investor relations program. The Company already actively engages with security holders at the AGM, meets with investors upon request and responds to any enquiries they may make from time to time. The Company intends to soon develop its interactions with institutional investors, private investors, sell-side and buy-side analysts and the financial media.</p>
<p>Recommendation 6.3</p> <p>A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.</p>	✓	<p>The Company has security holders from around the globe on its register and therefore utilises appropriate technology at its General Meetings to facilitate the participation of security holders in meetings. For each general meeting of the Company, management organise the meetings to be held at multiple venues which are linked by live telecommunications.</p> <p>The Company also encourages security holders who are not able to attend the meeting to provide questions or comments ahead of the meeting. Where appropriate, these questions are then answered at the meeting.</p>
<p>Recommendation 6.4</p> <p>A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.</p>	✓	<p>As described in the Shareholder Communication Policy, the Company actively encourages shareholders to provide their e-mail address to the Company to facilitate increased effective communication.</p> <p>The Company's share registry also has e-communication capabilities that allow it to communicate electronically with security holders when appropriate.</p>
<p>Principle 7: Recognise and manage risk</p> <p>A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.</p>		
<p>Recommendation 7.1</p> <p>The board of a listed entity should:</p> <p>a) have a committee or committees to oversee risk, each of which:</p> <ol style="list-style-type: none"> 1) has at least three members, a majority of whom are independent directors; and 2) is chaired by an independent director, <p>and disclose:</p> <ol style="list-style-type: none"> 3) the charter of the committee; 4) the members of the committee; and 5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or <p>b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	✓	<p>The Company has established an Audit Risk and Compliance Committee. The Audit Risk and Compliance Committee comprises of three non-executive directors, two of whom are independent directors. The chair of the Audit Risk and Compliance Committee is an independent non-executive director.</p> <p>The Company has an Audit Risk and Compliance Committee Charter which is available on the Company's website (www.ausctl.com). The Primary objective of the Committee is to ensure:</p> <ul style="list-style-type: none"> • effective management of financial and other material business risks; • reliable management and financial reporting, including half and full year accounts; • compliance with laws and regulations; and • maintenance of an independent, effective and efficient audit. <p>The Annual Report will provide:</p> <ul style="list-style-type: none"> • the members of the Committee; • the relevant qualifications and experience of the members of the committee; • the number of times the committee met throughout the relevant period; and • the individual attendances of the members at those meetings.

<p>Recommendation 7.2</p> <p>The board or a committee of the board should:</p> <p>a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	✓	<p>The Audit Risk and Compliance Committee periodically reviews the Company's risk management framework to satisfy itself that it continues to be sound and that the Company is operating appropriately.</p>
<p>Recommendation 7.3</p> <p>A listed entity should disclose:</p> <p>a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	✓	<p>The Company does not have a formal internal audit function however it employs appropriate processes for evaluating and continually improving the effectiveness of its risk management and internal control processes as set out in the Audit Risk and Compliance Committee Charter.</p>
<p>Recommendation 7.4</p> <p>A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	✓	<p>The Audit Risk and Compliance Committee evaluates, reports and provides assurance to the board in respect of any identified material exposure to economic, environmental and social sustainability risks.</p> <p>In particular, the Audit Risk and Compliance Committee:</p> <ul style="list-style-type: none"> • identifies and manages relevant risks that are material to the Company; • complies with legal and regulatory requirements; • reports to the Board on the effectiveness any response to incidents, risks and hazards; and • reports to the Board regarding the independent assurance and audit process and the outcomes of that process. <p>The Company will ensure that its Annual Report provides all information that shareholders would reasonably require to assess any material exposure to economic, environmental and social sustainability risks that could adversely affect the Company.</p>
<p>Principle 8: Remunerate fairly and responsibly</p> <p>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 and to align their interests with the creation of value for security holders.</p>		

<p>Recommendation 8.1</p> <p>The board of a listed entity should:</p> <p>a) have a remuneration committee which:</p> <ol style="list-style-type: none"> 1) has at least three members, a majority of whom are independent directors; and 2) is chaired by an independent director, <p>and disclose:</p> <ol style="list-style-type: none"> 3) the charter of the committee; 4) the members of the committee; and 5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or <p>b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p>✓</p>	<p>The Company has established a Nomination and Remuneration Committee. The Committee has at least three members, a majority of whom are independent directors and is chaired by an independent director.</p> <p>The Nomination and Remuneration Committee is responsible for assisting the Board to fulfil its corporate governance responsibilities in regard to nomination and remuneration matters.</p> <p>The Nomination and Remuneration Committee Charter outlines the Committee's authority, duties, responsibility and relationship with the Board and is available on the Company's website (www.ausctl.com).</p> <p>The Annual Report will provide the members of the Committee, the number of times the committee met throughout the relevant period and the individual attendances of the members at those meetings.</p>
<p>Recommendation 8.2</p> <p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	<p>✓</p>	<p>The Nomination and Remuneration Committee Charter discloses a summary of the entity's policies and practices regarding the remuneration of executive directors, non-executive directors and other senior executives and includes penalties in the event of misconduct. The Charter is available on the Company's website (www.ausctl.com).</p>
<p>Recommendation 8.3</p> <p>A listed entity which has an equity-based remuneration scheme should:</p> <p>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</p> <p>b) disclose that policy or a summary of it.</p>	<p>✓</p>	<p>The Nomination and Remuneration Committee Charter discloses a summary of the entity's policies and practices regarding an equity-based remuneration scheme. Participants in any equity-based remuneration scheme relating to the Company are not permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme.</p>