

Appendix 4G

Key to Disclosures Corporate Governance Council Principles and Recommendations

Name of entity

ADACEL TECHNOLOGIES LIMITED

ABN/ARBN

15 079 672 281

Financial year ended

30 June 2019

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

these pages of our annual report: _____

this URL on our website: <http://www.adacel.com/InvestRel.html>

The Corporate Governance Statement is accurate and up to date as at 14 August 2019 and has been approved by the Board.

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



SOPHIE KARZIS
Company Secretary
14 August 2019

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

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

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

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

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

ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

| Corporate Governance Council recommendation | We have followed the recommendation in full for the whole of the period above. We have disclosed ... | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... | |
|---|--|--|---|
| PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT | | | |
| 1.1 | <p>A listed entity should disclose:</p> <p>(a) the respective roles and responsibilities of its board and management; and</p> <p>(b) those matters expressly reserved to the board and those delegated to management.</p> | <p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>... and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management):</p> <p><input checked="" type="checkbox"/> at this location:</p> <p>http://www.adacel.com/InvestRel.html</p> | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p> |
| 1.2 | <p>A listed entity should:</p> <p>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</p> <p>(b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.</p> | <p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p> |
| 1.3 | <p>A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p> | <p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p> |

| Corporate Governance Council recommendation | | We have followed the recommendation in full for the whole of the period above. We have disclosed ... | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... |
|---|---|--|--|
| 1.4 | The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board. | <p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p> |
| 1.5 | <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> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p> | <p>... the fact that we have a diversity policy that complies with paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>... and a copy of our diversity policy or a summary of it:</p> <p><input checked="" type="checkbox"/> at this location:</p> <p>http://www.adacel.com/InvestRel.html</p> <p>... the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>... and the information referred to in paragraphs (c)(1) or (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> | <p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p> |

| Corporate Governance Council recommendation | | We have followed the recommendation in full for the whole of the period above. We have disclosed ... | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... |
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| 1.6 | <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>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p> |
| 1.7 | <p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p> | <p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p> |

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| PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE | | | |
| 2.1 | <p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; OR</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p> | <p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a nomination committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at this location:</p> <p>http://www.adacel.com/InvestRel.html</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a nomination committee and the processes we employ to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p> |

| Corporate Governance Council recommendation | | We have followed the recommendation in full for the whole of the period above. We have disclosed ... | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... |
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| 2.2 | A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership. | <p>... our board skills matrix:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p> |
| 2.3 | <p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p> | <p>... the names of the directors considered by the board to be independent directors:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>... where applicable, the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>... the length of service of each director:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input checked="" type="checkbox"/> at this location:</p> <p>In the Company's 2019 Annual Report</p> <p><i>Insert location here</i></p> | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p> |
| 2.4 | A majority of the board of a listed entity should be independent directors. | <p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p> |

| Corporate Governance Council recommendation | | We have followed the recommendation in full for the whole of the period above. We have disclosed ... | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... |
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| 2.5 | The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity. | <p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p> |
| 2.6 | A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively. | <p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p> |
| PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY | | | |
| 3.1 | A listed entity should: <ul style="list-style-type: none"> (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it. | <p>... our code of conduct or a summary of it:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement AND</p> <p><input checked="" type="checkbox"/> at this location:</p> <p>http://www.adacel.com/InvestRel.html</p> | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p> |
| PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING | | | |
| 4.1 | The board of a listed entity should: <ul style="list-style-type: none"> (a) have an audit committee which: <ul style="list-style-type: none"> (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: <ul 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 | <p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have an audit committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at this location:</p> <p>http://www.adacel.com/InvestRel.html</p> | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p> |

| Corporate Governance Council recommendation | We have followed the recommendation in full for the whole of the period above. We have disclosed ... | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... |
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| <p>attendances of the members at those meetings; OR</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p> | <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input checked="" type="checkbox"/> at this location:</p> <p style="padding-left: 40px;">In the Company's 2019 Annual Report</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p style="text-align: center;"><i>Insert location here</i></p> | |
| <p>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.</p> | <p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p style="text-align: center;"><i>Insert location here</i></p> | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p> |
| <p>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.</p> | <p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p style="text-align: center;"><i>Insert location here</i></p> | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity that does not hold an annual general meeting and this recommendation is therefore not applicable</p> |

| Corporate Governance Council recommendation | We have followed the recommendation in full for the whole of the period above. We have disclosed ... | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... | |
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| 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 AND ✓ at this location: http://www.adacel.com/InvestRel.html | <input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement |
| PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS | | | |
| 6.1 | A listed entity should provide information about itself and its governance to investors via its website. | ... information about us and our governance on our website: ✓ at this location: http://www.adacel.com/InvestRel.html | <input type="checkbox"/> 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 <input type="checkbox"/> at this location: <i>Insert location here</i> | <input type="checkbox"/> 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 <input type="checkbox"/> at this location: <i>Insert location here</i> | <input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity that does not hold 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 <input type="checkbox"/> at this location: <i>Insert location here</i> | <input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement |

| Corporate Governance Council recommendation | We have followed the recommendation in full for the whole of the period above. We have disclosed ... | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... | |
|--|---|---|---|
| PRINCIPLE 7 – RECOGNISE AND MANAGE RISK | | | |
| 7.1 | <p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; OR</p> <p>(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>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2):</p> <p>✓ in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>... and a copy of the charter of the committee:</p> <p>✓ at this location:</p> <p>http://www.adacel.com/InvestRel.html</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p>✓ at this location:</p> <p>In the Company's 2019 Annual Report</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p> |
| 7.2 | <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 fact that we follow this recommendation:</p> <p>✓ in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p> |

| Corporate Governance Council recommendation | We have followed the recommendation in full for the whole of the period above. We have disclosed ... | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... |
|--|---|---|
| <p>7.3 A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; OR</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p> | <p>[If the entity complies with paragraph (a):] ... how our internal audit function is structured and what role it performs: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location: _____</p> <p style="text-align: center;"><i>Insert location here</i></p> <p>[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: <input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location: _____</p> <p style="text-align: center;"><i>Insert location here</i></p> | <input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement |
| <p>7.4 A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p> | <p>... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location: _____</p> <p style="text-align: center;"><i>Insert location here</i></p> | <input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement |
| PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY | | |
| <p>8.1 The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p style="padding-left: 20px;">(1) has at least three members, a majority of whom are independent directors; and</p> <p style="padding-left: 20px;">(2) is chaired by an independent director,</p> | <p>[If the entity complies with paragraph (a):] ... the fact that we have a remuneration committee that complies with paragraphs (1) and (2): <input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> | <input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable |

| Corporate Governance Council recommendation | We have followed the recommendation in full for the whole of the period above. We have disclosed ... | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... |
|---|---|---|
| <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; OR</p> <p>(b) if it does not have a 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><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>... and a copy of the charter of the committee:</p> <p>✓ at this location:</p> <p>http://www.adacel.com/InvestRel.html</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p>✓ at this location:</p> <p>In the Company's 2019 Annual Report</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a remuneration committee and the processes we employ for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> | |
| <p>8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p> | <p>... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives:</p> <p>✓ in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p> |

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

CORPORATE GOVERNANCE STATEMENT

The Directors and management of Adacel Technologies Limited (the **Company**) and its controlled entities (the **Group**) are committed to conducting the Group's business in an ethical manner and in accordance with the highest standards of corporate governance. The Company has adopted and substantially complies with the *ASX Corporate Governance Principles and Recommendations (Third Edition)* (**Recommendations**) to the extent appropriate to the size and nature of the Group's operations.

The Company has prepared this statement which sets out its corporate governance practices that were in operation throughout the financial year ended 30 June 2019. This statement identifies any Recommendations that have not been followed, and provides reasons for not following such Recommendations. This statement is current as 14 August 2019 and has been approved by the Board of the Company.

The Company's corporate governance policies and charters and policies are all available on the Company's website (<http://www.adacel.com/InvestRel.html>) (**Website**).

| ASX Recommendation | Status | Reference / Comment |
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| <p>Principle 1 – Lay solid foundations for management and oversight</p> <p><i>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.</i></p> | | |
| <p>1.1</p> <p>A listed entity should disclose:</p> <p>(a) the respective roles and responsibilities of its board and management; and</p> <p>(b) those matters expressly reserved to the board and those delegated to management.</p> | <p>Complying</p> | <p>The Board has adopted a charter which establishes the role of the Board and its relationship with management. The Board Charter clearly articulates the division of responsibilities between the Board and management, in order to manage expectations and avoid misunderstandings about their respective roles and accountabilities. The Board reviews the Board Charter regularly, and in doing so will continually review the division of functions between the Board and management to ensure that it continues to be appropriate to the needs of the Group.</p> <p>The primary role of the Board is the protection and enhancement of long term shareholder value. Its responsibilities include the overall strategic direction of the Group, establishing goals for management and monitoring the achievement of these goals. The Board is also responsible for the overall corporate governance of the Company.</p> <p>The Board Charter sets out the role and responsibility of the Chairman and outlines the Board's policy on when and how Directors may seek independent professional advice at the expense of the Company.</p> <p>The functions and responsibilities of the Board and management are consistent with ASX Principle 1. A copy of the Board Charter is posted on the Website.</p> <p>Each Director is given a letter upon his or her appointment which outlines the Director's duties. Similarly, senior executives including the Chief Executive Officer, and the Chief Financial Officer, have a formal job description and letter of appointment describing their term of office, duties, rights and responsibilities, and entitlements on termination.</p> |
| <p>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>Complying</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. These checks include enquiries as to the person's character, experience, education, criminal record and bankruptcy history.</p> <p>Where appropriate, external consultants may be engaged to assist in searching for candidates and undertaking relevant checks.</p> |

Adacel Technologies Limited
Corporate Governance Statement

| ASX Recommendation | Status | Reference / Comment |
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| (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>The Company provides information to shareholders about Directors seeking re-election at general meeting to enable them to make an informed decision on whether or not to re-elect the Director, including:</p> <ul style="list-style-type: none"> ▪ their relevant qualifications and experience and the skills they bring to the Board; ▪ details of any other listed directorships held by the Director in the preceding 3 years; ▪ the term of office already served by the Director; ▪ whether the Director is considered to be independent; and ▪ a recommendation by the Board in respect of the re-election of the Director. <p>The Company will, in the case of a candidate standing for election as a director for the first time:</p> <ul style="list-style-type: none"> ▪ provide information to shareholders about the candidate to enable them to make an informed decision on whether or not to elect the candidate, including material adverse information revealed by any checks the Board has performed on the candidate; ▪ details of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect the candidate's capacity to exercise independent judgement on board matters or to act in the best interests of the Company and its shareholders generally; ▪ the Board's view on whether the candidate will be considered to be an independent Director; and ▪ a recommendation by the Board in respect of the election of the candidate. |
| 1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment. | Complying | <p>Each Director is given a letter upon his or her appointment which outlines the Director's duties, obligations, remuneration, expected time commitments and notification of the Company's policies. Similarly, senior executives including the CEO and CFO, have a formal job description and services agreement describing their term of office, duties, rights and responsibilities, and entitlements on termination.</p> <p>The Company will disclose the material terms of any employment, service or consultancy agreement it enters into with its CEO (or equivalent).</p> |
| 1.4 The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board. | Complying | <p>The Company Secretary is responsible for co-ordination of all Board business, including agendas, board papers, minutes, communication with regulatory bodies, ASX and all statutory and other filings.</p> <p>The appointment and removal of the Company Secretary is a matter for decision by the Board as a whole.</p> <p>The Company Secretary is accountable to the Board, through the Chair, on all matters to do with the proper functioning of the Board.</p> |
| 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 | Complying | <p>The Company has adopted a Diversity Policy which can be viewed on its website. The Diversity Policy has the commitment of the Directors and Senior Management to promote the specific objective of diversity and seeks to ensure, to the extent that is practicable and appropriate, that the Company's director appointment and employee</p> |

Adacel Technologies Limited
Corporate Governance Statement

| ASX Recommendation | Status | Reference / Comment |
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| <p>both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p> | | <p>recruitment processes are undertaken with reference to the objectives of the Diversity Policy.</p> <p>The objectives of the Company's Diversity Policy are centred on a wide range of diversity criteria including gender, age, ethnicity and cultural background. The Policy also includes requirements for the Board to establish measurable objectives for achieving gender diversity for the Board to assess annually both the objectives and progress in achieving them.</p> <p>The Company is committed to the principles of employing people with a broad range of experiences, skills and views. All executives, managers and employees are responsible for promoting workforce diversity. In 2019 financial year, the Company's Nomination Committee was charged with the responsibility of undertaking an annual review to:</p> <ul style="list-style-type: none"> ▪ assess its policies and procedures in reference to its diversity objectives; ▪ determine whether its diversity policies and procedures are and are likely to continue to be appropriate; and ▪ ensure that the Company, and its policies and procedures, comply with all applicable legal requirements in respect of diversity and that such policies and procedures remain relevant and effective. <p>Whilst the Company has not set formal measurable objectives for achieving gender diversity, the Company is nonetheless committed to recruiting employees from a diverse pool of qualified candidates.</p> <p>As at 30 June 2019, the Company employed a total of 211 employees; of these, 36 are female, and of these none hold senior management roles. There is currently one female director on the Company's Board. The Company Secretary is a female. Out of 211 employees worldwide, only 3 of these employees are located within Australia as such the Company is not a "relevant employer" under the Workplace Gender Equality Act.</p> |
| <p>1.6 A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p> | Complying | <p>The Directors undertake an annual process to review the performance and effectiveness of the Board and individual directors. The Company Secretary oversees this process. The review process is undertaken via a confidential questionnaire process and the Chairman leads a discussion of the questionnaire results with the Board as a whole, and provides feedback to individual Directors as necessary.</p> <p>During the previous 12 months, each Director completed a questionnaire relating to the Board's role, composition, procedures, practices and behaviour.</p> |
| <p>1.7 A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p> | Complying | <p>The Board, together with the Company's Chief Executive Officer, evaluates the performance of the Group's senior executives annually.</p> <p>The Board also reviews the Chief Executive Officer's performance annually.</p> <p>A performance evaluation for the Group's senior executives and the Chief Executive Officer has taken place in the reporting period.</p> |

Adacel Technologies Limited
Corporate Governance Statement

| ASX Recommendation | Status | Reference / Comment |
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| <p>Principle 2 – Structure the Board to add value</p> <p><i>A listed entity should have a board of an appropriate size, composition, skills and commitment to enable it to discharge its duties effectively.</i></p> | | |
| <p>2.1</p> <p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p> | <p>Complying</p> | <p>In the 2019 financial year, the Board had a formal Nomination Committee, comprising all of the Directors, all of whom are non-executive Directors and a majority of whom are independent. The Nomination Committee's functions and powers are formalised in a Charter, a copy of which is available on the Website.</p> <p>On 11 July 2019, the Board decided the Nomination Committee function would be undertaken by the Board . The Board considers that, given the current size and scope of the Company's operations, no efficiencies or other benefits would be gained by establishing a separate nomination committee</p> <p>The Board will regularly review the composition and performance of the Board and its committees and ensure that adequate succession plans are in place (including for the recruitment and appointment of Directors and senior management).</p> |
| <p>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> | <p>Complying</p> | <p>The skills matrix is reviewed annually by the Board to ensure that ongoing needs in relation to supervising the Company and its operations are being met, and to take into account any changes in the Company's circumstances and strategic priorities.</p> <p>The objectives of the skills matrix adopted by the Board are to:</p> <ul style="list-style-type: none"> ▪ Identify the skills, knowledge, experience and capabilities that are considered to be desired of the Board as a whole, in order for the Board to fulfil its role and in light of Company's strategic direction; ▪ Ascertain the current skills, knowledge, experience and capabilities of the Board, and provide the incumbent Directors with an opportunity to reflect upon and discuss the current composition of the Board; and ▪ Identify any gaps in skills or competencies that can be addressed in future director appointments. <p>The Board considers that it currently has an appropriate mix of skills and that it comprises of directors who collectively have the skills, knowledge and experience to effectively govern and direct the organisation. During the previous 12 months, the Board assessed each Director's skill level against the following key skills set out in the matrix which the Board considered to be desired of the Board:</p> |

Adacel Technologies Limited
Corporate Governance Statement

| ASX Recommendation | Status | Reference / Comment |
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| | | <ul style="list-style-type: none"> • Executive leadership • Board experience • Financial literacy • Intellectual Property • Legal, governance and compliance • Industry experience • Technology • Strategy • International commercial experience • Commercial acumen • Health, safety, environment and sustainability • Diversity • Capital management |
| <p>2.3 A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p> | Complying | <p>The Board is currently comprised of four Directors: Michael McConnell, Natalya Jurcheshin, Peter Landos and Silvio Salom. All Directors are Non-Executive Directors.</p> <p>The Board has considered the circumstances of each Director and determined that Directors Peter Landos, Natalya Jurcheshin and Michael McConnell were independent as described in Box 2.3 of the Recommendations.</p> <p>In assessing the independence of Peter Landos & Silvio Salom, the Board considered the fact that each of these two directors is or is associated with a substantial security holder of the Company.</p> <p>Peter Landos is classified as independent as, notwithstanding that he is employed by one of the Company's major shareholders, Thorney Holdings Pty Ltd (Thorney), the Board has determined that he does not control Thorney and that his employment with Thorney does not interfere with his 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.</p> <p>Silvio Salom is not classified as independent due to his substantial shareholding in the Company.</p> <p>The <i>Corporations Act 2001</i>, the Company's Constitution and the monthly Board meeting process requires Directors to advise the Board of any interest they have that has the potential to conflict with the interests of the Group, including any development that may impact their perceived or actual independence.</p> <p>If the Board determines that a Director's status as an independent Director has changed, that determination will be disclosed and explained in a timely manner to the market.</p> <p>The length of service of each Director is set out in the Company's Annual Report.</p> |
| <p>2.4 A majority of the board of a listed entity should be independent directors.</p> | Complying | <p>The Board is currently comprised of four Directors: Michael McConnell, Natalya Jurcheshin, Peter Landos and Silvio Salom. All Directors are Non-Executive Directors, and all Directors except for Silvio Salom (who is a substantial shareholder) are considered to be independent directors.</p> |

Adacel Technologies Limited
Corporate Governance Statement

| ASX Recommendation | | Status | Reference / Comment |
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| 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. | Complying | <p>The positions of Chairman and the CEO are held by separate persons (Michael McConnell and Daniel Verret respectively).</p> <p>The Chairman leads the Board and is responsible for the efficient organisation and conduct of the Board's functions.</p> |
| 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. | Complying | <p>The Company has procedures and policies in place to assist Directors in fulfilling their responsibilities.</p> <p>As Directors join the Board, they undertake an induction program, which includes information on the Company's core values, key strategies, objectives, as well as its governance framework and operations. New Directors also meet with key senior management to gain a better appreciation of the Company's services and capabilities.</p> <p>The Board also receives ongoing governance updates as required, including in relation to recent legislative and regulatory changes and developments in corporate governance. All Directors have ongoing access to information on the Company's operations and to the Company's senior management.</p> |

Principle 3 – Act ethically and responsibly
A listed entity should act ethically and responsibly

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| 3.1 | <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> | Complying | <p>The Board is committed to observing the highest standards of corporate practice and business conduct. Accordingly, the Board has adopted a Code of Conduct, and which sets out the way in which the Company seeks to conduct business, namely in an honest and fair manner, acting only in ways that reflect well on the Company in strict compliance with all laws and regulations.</p> <p>The Code of Conduct articulates acceptable practices for directors, senior executives and employees, to guide their behaviour and to demonstrate the commitment of the Company to ethical practices. The Company also seeks to ensure that advisers, consultants and contractors aware of the Company's expectations as set out in its Code of Conduct.</p> |
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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.

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| 4.1 | <p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board, and disclose:</p> <p>(3) the charter of the committee;</p> | Complying | <p>The Company has an Audit & Risk Management Committee comprising four members, Natalya Jurcheshin (Chairperson), Peter Landos, Michael McConnell and Silvio Salom.</p> <p>All members of the Audit & Risk Management Committee are non-executive Directors, with a majority of independent directors (three out of four). The Audit & Risk Management Committee has an independent chairperson (Natalya Jurcheshin) who is not Chairperson of the Board.</p> <p>The role of the Audit & Risk Management Committee is to advise on the establishment and maintenance of a framework of internal controls and appropriate ethical standards for the management of the</p> |
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Adacel Technologies Limited
Corporate Governance Statement

| ASX Recommendation | Status | Reference / Comment |
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| <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p> | | <p>Group and to advise on financial information prepared for use by the Board or for inclusion in financial statements.</p> <p>The Directors are committed to the preparation of financial statements that present a balanced and clear assessment of the Group's financial position and prospects. The Board reviews the Group's half yearly and annual financial statements.</p> <p>The Audit and Risk Management Committee's functions and powers are formalised in a Charter that is posted on the Company's website. Following each Committee meeting, the Audit & Risk Management Committee reports to the Board on any matter that should be brought to the Board's attention and on any recommendation that requires Board approval.</p> <p>The number of times that the Audit & Risk Management Committee met throughout the financial year and the individual attendances of the members at those meetings, and the relevant qualifications and experience of the Audit & Risk Management Committee members are disclosed in the Company's Annual Report.</p> |
| <p>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.</p> | Complying | <p>The Directors are committed to the preparation of financial statements that present a balanced and clear assessment of the Group's financial position and prospects.</p> <p>The Board requires that the Chief Executive Officer and the Chief Financial Officer (or their equivalents) state in writing to the Board that the Group's financial reports present a true and fair view, in all material respects, of the Group's financial condition and operational results and are in accordance with relevant accounting standards 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>The Board does and will continue to seek these assurances prior to approving the annual financial statements for all half year and full year results.</p> |
| <p>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.</p> | Complying | <p>In accordance with the Company's Communications Policy, a copy of which is available on the Website, shareholders are encouraged to attend the Company's Annual General Meeting, which the Company endeavours to ensure the attendance of its auditors.</p> <p>Shareholders are given an opportunity to ask questions of the Company's auditors regarding the conduct of the audit and preparation and content of the auditor's report.</p> |
| <p>Principle 5 – Make timely and balanced disclosure</p> <p><i>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.</i></p> | | |
| <p>5.1 A listed entity should:</p> <p>(a) have a written policy for complying with its continuous</p> | Complying | <p>The Board has adopted a Continuous Disclosure Policy which has established procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance. The focus of these procedures is on continuous disclosure of any information concerning the Company that a reasonable person would expect to</p> |

Adacel Technologies Limited
Corporate Governance Statement

| ASX Recommendation | Status | Reference / Comment |
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| <p>disclosure obligations under the Listing Rules; and</p> <p>(b) disclose that policy or a summary of it.</p> | | <p>have a material effect on the price of the Company's securities and improving access to information for all investors.</p> <p>The Chief Executive Officer and the Company Secretary are responsible for interpreting the Group's policy and where necessary informing the Board. The purpose of the procedures for identifying information for disclosure is to ensure timely and accurate information is provided equally to all shareholders and market participants.</p> <p>The Company Secretary is responsible for all communications with the ASX. All Company announcements are vetted and authorised by the Board and senior management to ensure they are made in a timely manner, are factual, do not omit material information and are expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions. A copy of the Continuous Disclosure Policy is available on the Website.</p> |
| <p>Principle 6 – Respect the rights of security holders</p> <p><i>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.</i></p> | | |
| <p>6.1 A listed entity should provide information about itself and its governance to investors via its website.</p> | <p>Complying</p> | <p>The Board informs shareholders of all major developments affecting the Group's state of affairs as follows:</p> <ul style="list-style-type: none"> ▪ placing all relevant announcements made to the market, on the Company's website after they have been released to ASX; ▪ publishing all corporate governance policies and charters adopted by the Board on the Company's website; ▪ releasing information provided to analysts or media during briefings to ASX and placing such information on the Company's website; and ▪ placing the full text of notices of meeting and explanatory material on the Company's website. |
| <p>6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.</p> | <p>Complying</p> | <p>The Company is committed to facilitating effective two-way communication with its shareholders, investors and stakeholders, and has adopted a Communications Policy to define and support this commitment. A copy of the Communications Policy is available on the website.</p> <p>The Communications Policy sets out the Company's investor relations approach, namely by communicating with its shareholders and investors by posting information on its website, and by encouraging attendance and participation of shareholders at general meetings.</p> <p>Investors are also able to provide feedback and seek further information about the Company via the website. Management or Directors additionally meet with shareholders from time to time upon request and respond to any enquiries they may make.</p> |
| <p>6.3 A listed entity should disclose the policies and processes it has in place to facilitate and encourage</p> | <p>Complying</p> | <p>Shareholders are encouraged to attend the Company's Annual General Meetings and notice of such meetings will be given in accordance with the Company's Constitution, the Corporations Act, and the ASX Listing Rules.</p> |

Adacel Technologies Limited
Corporate Governance Statement

| ASX Recommendation | | Status | Reference / Comment |
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| | participation at meetings of security holders. | | <p>The AGM is an opportunity for shareholders to hear the CEO and Chairman provide updates on the Company's performance, ask questions of the Board and vote on the various resolutions affecting the business. Shareholders are given an opportunity to ask questions of the Company's auditors regarding the conduct of the audit and preparation and content of the auditor's report.</p> <p>The date, time and location of the Company's general meetings is provided in the notice of meetings, and on the Website. Whilst shareholders are encouraged to attend meetings in person, if they are unable to do so, they are encouraged to participate in the meeting by appointing a proxy, attorney or representative to vote on their behalf.</p> |
| 6.4 | A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically. | Complying | <p>Investors are able communicate with the Company electronically via the Company's website or by emailing the Company Secretary.</p> <p>Investors are also able communicate with the Company's registry electronically by emailing the registry or via the registry's website. The Company encourages its shareholders to receive company information electronically by registering their email addresses online with the Company's share registry.</p> |
| <p>Principle 7 – Recognise and manage risk</p> <p><i>A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.</i></p> | | | |
| 7.1 | <p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(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> | Complying | <p>The Board has a formal Audit & Risk Management Committee comprising four members, Natalya Jurcheshin (Chairperson), Peter Landos, Michael McConnel and Silvio Salom.</p> <p>Three out of four of the Audit & Risk Management Committee members are considered to be independent Directors (Natalya Jurcheshin, Peter Landos and Michael McConnell). The Chairman of the Audit & Risk Committee is Natalya Jurcheshin, an independent, non-executive Director.</p> <p>The risk related role of the Audit & Risk Management Committee is to advise on the establishment and maintenance of a framework of internal controls and appropriate ethical standards for the management of the Company. The Audit & Risk Management Committee's functions and powers are formalised in a Charter and is posted on the Group's website.</p> <p>Following each Committee meeting, the Audit & Risk Management Committee reports to the Board on any matter that should be brought to the Board's attention and on any recommendation that requires Board approval.</p> <p>The number of times that the Audit & Risk Management Committee met throughout the financial year and the individual attendances of the members at those meetings, and the relevant qualifications and experience of the Audit & Risk Management Committee members are disclosed in the Company's Annual Report.</p> |
| 7.2 | The board or a committee of the board should: | Complying | The Company's Risk Management Policy outlines the framework and procedures to identify, assess and manage all material business and operational risks. |

Adacel Technologies Limited
Corporate Governance Statement

| ASX Recommendation | Status | Reference / Comment |
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| <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 Board has responsibility for monitoring risk oversight and ensures that the Chief Executive Officer and the Chief Financial Officer or equivalent report on the status of business risks through risk management programs aimed at ensuring risks are identified, assessed and appropriately managed.</p> <p>In addition, the Audit & Risk Management Committee reviews the risk management framework and policies of the Company at least once annually and is satisfied that management has developed and implemented a sound system of risk management and internal control. An internal review of the risk management framework was undertaken during the reporting period.</p> |
| <p>7.3 A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p> | Complying | <p>The Company does not currently have a formal internal audit function however management reviews the Group's major business units, organisational structure and accounting controls and processes on a regular basis and reports accordingly to the Board; the Board is satisfied that the processes in place to identify the Group's material business risks are appropriate and that these risks are being effectively managed. The Group's risk management processes continue to be monitored and reported against on an ongoing basis.</p> <p>A description of the Group's risk management policy and internal compliance and control systems is available on the Company's website.</p> |
| <p>7.4 A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p> | Complying | <p>The Group's operations are not subject to any significant environmental regulations under the Commonwealth or State legislation.</p> <p>The Directors believe that the Group has adequate systems in place for the management of its environmental requirements and are not aware of any breach of those environmental requirements as they apply to the Group.</p> |
| <p>Principle 8 – Remunerate fairly and responsibly</p> <p><i>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.</i></p> | | |
| <p>8.1 The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> | Complying | <p>The Board has a Remuneration Committee comprising four members, Natalya Jurcheshin, Michael McConnell, Peter Landos, and Silvio Salom. Three out of four of the Remuneration Committee members are considered to be independent Directors (Peter Landos, Natalya Jurcheshin and Michael McConnell).</p> <p>The Chairman of the Committee is Peter Landos who is considered to be independent and is also the Chairman of the Board.</p> <p>The role of the Remuneration Committee is to review and make recommendations to the Board on remuneration packages and practices applicable to the Chief Executive Officer, Senior Executives and Directors themselves. This role also includes responsibility for share option schemes incentive performance packages and retirement and termination entitlements. Remuneration levels are competitively set to attract the most qualified and experienced Directors and Senior Executives. The Remuneration Committee may</p> |

Adacel Technologies Limited
Corporate Governance Statement

| ASX Recommendation | Status | Reference / Comment |
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| <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a 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>obtain independent advice on the appropriateness of remuneration packages.</p> <p>The Remuneration Committee's functions and powers are formalised in a Charter and is posted on the Group's website.</p> <p>Following each meeting, the Remuneration Committee reports to the Board on any matter that should be brought to the Board's attention and on any recommendation of the Remuneration Committee that requires Board approval.</p> <p>The number of times that the Remuneration Committee met throughout the financial year and the individual attendances of the members at those meetings are disclosed in the Company's Annual Report.</p> |
| <p>8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p> | Complying | <p>Details of the Directors and Key Senior Executives remuneration are set out in the Remuneration Report of the Annual Report.</p> <p>The structure of Non-Executive Directors' remuneration is distinct from that of executives and is further detailed in the Remuneration Report of the Annual Report.</p> |
| <p>8.3 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> | Complying | <p>The Company has a Long-Term Incentive Plan the rules of which explicitly prohibit participants from entering into transactions which limit the economic risk of participating in the scheme.</p> <p>A copy of the Company's Long-Term Incentive Plan will be posted on the Company's website.</p> |