

## Appendix 4G

### Key to Disclosures Corporate Governance Council Principles and Recommendations

Name of entity:

Emefcy Group Limited

ABN / ARBN:

52 127 734 196

Financial year ended:

31 December, 2015

Our corporate governance statement<sup>2</sup> for the above period above can be found at:<sup>3</sup>

- ☐ These pages of our annual report:
- ☒ This URL on our website: <http://www.emefcy.com/investors.php>

The Corporate Governance Statement is accurate and up to date as at 15 April 2016 and has been approved by the board.

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

Date: 15 April 2016

Name of Secretary authorising lodgement: Ross Kennedy, Company Secretary

<sup>1</sup> 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.

<sup>2</sup> "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.

<sup>3</sup> Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity's corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

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

## ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
<b>PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b>			
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	... the fact that we follow this recommendation: <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input checked="" type="checkbox"/> at <a href="http://www.emefcy.com/investors.php">http://www.emefcy.com/investors.php</a> ... 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): <input checked="" type="checkbox"/> at <a href="http://www.emefcy.com/investors.php">http://www.emefcy.com/investors.php</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	... the fact that we follow this recommendation: <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input checked="" type="checkbox"/> at <a href="http://www.emefcy.com/investors.php">http://www.emefcy.com/investors.php</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	... the fact that we follow this recommendation: <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input checked="" type="checkbox"/> at <a href="http://www.emefcy.com/investors.php">http://www.emefcy.com/investors.php</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <a href="http://www.emefcy.com/investors.php">http://www.emefcy.com/investors.php</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable

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

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
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 type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at <a href="http://www.emefcy.com/investors.php">http://www.emefcy.com/investors.php</a></p> <p>... and a copy of our diversity policy or a summary of it:</p> <p><input checked="" type="checkbox"/> at <a href="http://www.emefcy.com/investors.php">http://www.emefcy.com/investors.php</a></p> <p>... and the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>... and the information referred to in paragraphs (c)(1) or (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement at <a href="http://www.emefcy.com/investors.php">http://www.emefcy.com/investors.php</a></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
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 type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at <a href="http://www.emefcy.com/investors.php">http://www.emefcy.com/investors.php</a></p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <a href="http://www.emefcy.com/investors.php">http://www.emefcy.com/investors.php</a></p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></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 type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at <a href="http://www.emefcy.com/investors.php">http://www.emefcy.com/investors.php</a></p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <a href="http://www.emefcy.com/investors.php">http://www.emefcy.com/investors.php</a></p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></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 ... <sup>4</sup>
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 type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at <a href="http://www.emefcy.com/investors.php">http://www.emefcy.com/investors.php</a></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="http://www.emefcy.com/investors.php">http://www.emefcy.com/investors.php</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at <a href="http://www.emefcy.com/investors.php">http://www.emefcy.com/investors.php</a></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
2.2	<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>... our board skills matrix:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <a href="http://www.emefcy.com/investors.php">http://www.emefcy.com/investors.php</a></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></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 ... <sup>4</sup>
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	... the names of the directors considered by the board to be independent directors: <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input checked="" type="checkbox"/> at <a href="http://www.emefcy.com/investors.php">http://www.emefcy.com/investors.php</a> ... and, where applicable, the information referred to in paragraph (b): <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input checked="" type="checkbox"/> at <a href="http://www.emefcy.com/investors.php">http://www.emefcy.com/investors.php</a> ... and the length of service of each director: <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input checked="" type="checkbox"/> at <a href="http://www.emefcy.com/investors.php">http://www.emefcy.com/investors.php</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
2.4	A majority of the board of a listed entity should be independent directors.	... the fact that we follow this recommendation: <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input checked="" type="checkbox"/> at <a href="http://www.emefcy.com/investors.php">http://www.emefcy.com/investors.php</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	... the fact that we follow this recommendation: <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement at <a href="http://www.emefcy.com/investors.php">http://www.emefcy.com/investors.php</a> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	... the fact that we follow this recommendation: <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input checked="" type="checkbox"/> at <a href="http://www.emefcy.com/investors.php">http://www.emefcy.com/investors.php</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
<b>PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY</b>			
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	... our code of conduct or a summary of it: <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input checked="" type="checkbox"/> at <a href="http://www.emefcy.com/investors.php">http://www.emefcy.com/investors.php</a>	<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 ... <sup>4</sup>
<b>PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING</b>			
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,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>[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 <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="http://www.emefcy.com/investors.php">http://www.emefcy.com/investors.php</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at <a href="http://www.emefcy.com/investors.php">http://www.emefcy.com/investors.php</a></p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement at <a href="http://www.emefcy.com/investors.php">http://www.emefcy.com/investors.php</a></p>
4.2	<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>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <a href="http://www.emefcy.com/investors.php">http://www.emefcy.com/investors.php</a></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 ... <sup>4</sup>
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <a href="http://www.emefcy.com/investors.php">http://www.emefcy.com/investors.php</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity that does not hold an annual general meeting and this recommendation is therefore not applicable
<b>PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE</b>			
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	... our continuous disclosure compliance policy or a summary of it: <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input checked="" type="checkbox"/> at <a href="http://www.emefcy.com/investors.php">http://www.emefcy.com/investors.php</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
<b>PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS</b>			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	... information about us and our governance on our website: <input checked="" type="checkbox"/> at <a href="http://www.emefcy.com/investors.php">http://www.emefcy.com/investors.php</a>	<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: <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input checked="" type="checkbox"/> at <a href="http://www.emefcy.com/investors.php">http://www.emefcy.com/investors.php</a>	<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: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <a href="http://www.emefcy.com/investors.php">http://www.emefcy.com/investors.php</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <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: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <a href="http://www.emefcy.com/investors.php">http://www.emefcy.com/investors.php</a>	<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 ... <sup>4</sup>
<b>PRINCIPLE 7 – RECOGNISE AND MANAGE RISK</b>			
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><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="http://www.emefcy.com/investors.php">http://www.emefcy.com/investors.php</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <a href="http://www.emefcy.com/investors.php">http://www.emefcy.com/investors.php</a></p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement at <a href="http://www.emefcy.com/investors.php">http://www.emefcy.com/investors.php</a></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 board or a committee of the board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <a href="http://www.emefcy.com/investors.php">http://www.emefcy.com/investors.php</a></p> <p>... and that such a review has taken place in the reporting period covered by this Appendix 4G:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <a href="http://www.emefcy.com/investors.php">http://www.emefcy.com/investors.php</a></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 ... <sup>4</sup>
7.3	<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>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <a href="http://www.emefcy.com/investors.php">http://www.emefcy.com/investors.php</a></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
7.4	<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>... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <a href="http://www.emefcy.com/investors.php">http://www.emefcy.com/investors.php</a></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 ... <sup>4</sup>
<b>PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY</b>			
8.1	<p>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, 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>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a remuneration committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <a href="http://www.emefcy.com/investors.php">http://www.emefcy.com/investors.php</a></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="http://www.emefcy.com/investors.php">http://www.emefcy.com/investors.php</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <a href="http://www.emefcy.com/investors.php">http://www.emefcy.com/investors.php</a></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	<p>... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at <a href="http://www.emefcy.com/investors.php">http://www.emefcy.com/investors.php</a></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
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 <b>OR</b></p> <p><input type="checkbox"/> at <a href="http://www.emefcy.com/investors.php">http://www.emefcy.com/investors.php</a></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

**ASX Corporate Governance Council Principles and Recommendations**

The Company has adopted systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity commensurate with Company's needs.

The Board seeks, where appropriate, to provide accountability levels that meet or exceed the ASX Corporate Governance Council's Principles and Recommendations. This document contains a table setting out information in respect of the Company's compliance with *The Corporate Governance Principles and Recommendations (3rd Edition)* as published by ASX Corporate Governance Council on 27 March 2014 (**Recommendations**). The Company anticipates that its corporate governance policies may be further reviewed and amended following completion of the Transaction to take into account changes to the Company's activities and Board structure at that time.

Copies of the Company's corporate governance procedures, policies and practices are available the Company website at [www.emefcy.com](http://www.emefcy.com).

**Board of Directors**

The Board is responsible for corporate governance of the Company. The Board is responsible for the following matters:

- ensuring the Company's conduct and activities are ethical and carried out in accordance with the Company's charters, policies and for the benefit of its stakeholders;
- development of corporate strategy, implementation of business plans and performance objectives;
- approval of Company budgets;
- monitoring and reviewing at regular intervals the Company's performance towards meeting its stated objectives
- reviewing, ratifying and monitoring systems of risk management, codes of conduct, internal control systems and legal and regulatory compliance;
- the appointment (and removal) of the Chair of the Board;
- the appointment of new Directors to fill a vacancy or as additional Directors;
- the appointment, and where appropriate, the removal of the:
  - CEO;
  - CFO;
  - Company Secretary; and
  - Ratifying the appointment or removal of other Senior Management of the Company.
- oversight of all matters delegated to Managing Director & CEO and Senior Management;

- managing succession planning for the position of Managing Director & CEO and overseeing succession planning for his or her direct reports;
- approving overall Company, Director and specific senior executive remuneration and related performance standards and their evaluation;
- regular review of the Code of Conduct, the Communication and Disclosure Policy, the Securities Trading Policy, the Diversity Policy, the Risk Management Policy and Remuneration Policy to ensure the policies meet the standards of corporate governance the Board is committed to;
- review and oversight of compliance with ASX Listing Rules, financial reporting obligations, including periodic and continuous disclosure, legal compliance and related corporate governance matters;
- approving and monitoring major Company financing matters including approving and monitoring major capital expenditure, capital management, acquisitions and divestitures, material contracts and incurring material debt obligations;
- monitoring and reviewing the operational performance of the Company including the viability of current and prospective operations and exploration opportunities; and
- proposing and recommending to shareholders any changes in the capital structure of the Company.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in the Board discussions on a fully-informed basis.

### **Composition of the Board**

Election of Board members is substantially the province of the shareholders in a general meeting. However, subject thereto, the Company is committed to the following principles:

- the Board is to comprise Directors with a blend of skills, experience and attributes appropriate for the Company and its business; and
- the principal criterion for the appointment of new Directors is their ability to add value to the Company and its business.

### **Board charter and policies**

The Board has adopted a charter, which formally recognised its responsibilities functions, power and authority and composition. This charter sets out other things which are important for effective corporate governance including:

- (a) a detailed definition of 'independence';
- (b) a framework for the identification of candidates for appointment to the Board and their selection (including undertaking appropriate background checks);
- (c) a framework for individual performance review and evaluation;

- (d) proper training to be made available to Directors both at the time of their appointment and on an on-going basis;
- (e) basic procedures for meetings of the Board and its committees including frequency, agenda, minutes and private discussion of management issues among non-executive Directors;
- (f) ethical standards and values (in a detailed code of corporate conduct);
- (g) dealings in securities (in a detailed code for securities transactions designed to ensure fair and transparent trading by Directors and senior management and their associates); and
- (h) communications with shareholders and the market.

**Independent professional advice**

Under the Board Charter, subject to approval from the Chairman, each Director has the right to seek independent legal or other professional advice at the Company's expense on all matters necessary for that Director to make fully informed and independent decisions.

**Remuneration arrangements**

The total maximum remuneration of Non-Executive Directors is determined by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of Non-Executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each Non-Executive Director. The aggregate remuneration for Non-Executive Directors is set at \$500,000 per annum. Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

**Trading policy**

The Board has adopted a securities trading policy that sets out the guidelines on the sale and purchase of securities in the Company by its key management personnel. The policy generally provides that written notification to the Company Secretary must be obtained prior to trading.

**External audit**

The Company in general meetings is responsible for the appointment of the external auditors of the Company, and the Board from time to time will review the scope, performance and fees of those external auditors.

**Audit and Risk committee**

The Audit and Risk Committee will consist of at least two independent Non-executive Directors and such other members so that overall Audit and Risk Committee comprises:

- at least one member who has an understanding of the industry in which the Company operates.
- members who can read and understand financial statements and are otherwise financially literate;

The Executive Chairman, CEO and CFO have standing invitations to attend all meetings.

The committee's responsibilities include:

- reviewing the overall conduct of the external audit process, including the independence of all parties to the process;
- reviewing the performance of external auditors, including the reappointment and proposed fees of the external auditor;
- where appropriate, seeking tenders for the audit and where a change of external auditor is recommended, arrange submissions to the shareholders for shareholder approval;
- undertaking a regular corporate risk assessment (including economic, environmental and social sustainability risks),
- overseeing the risk management system and ensuring compliance with internal controls;
- monitor and review the propriety of any related party transactions;
- reviewing the quality and accuracy of all published financial reports; and
- reviewing the accounting function and ongoing application of appropriate accounting and business policies and procedures.

Meetings shall be held at least quarterly to review and discuss financial issues and the financial statements. A broad agenda is laid down for each regular meeting according to an annual cycle. The committee may invite the external auditors to attend each of its meetings.

### **Remuneration and Nomination Committee**

The purpose of this committee is to

- assist the Board and report on remuneration and related policies and practices (including remuneration of senior management and non-executive Directors); and
- assist the Board and make recommendations to it about the appointment of new Directors (both executive and non-executive) and senior management.

The committee's functions include:

- review and evaluation of market practices and trends on remuneration matters;
- recommendations to the Board about the Company's remuneration policies and procedures;
- recommendations to the Board about remuneration of senior management and non-executive Directors; and
- oversight of the performance of senior management and non-executive Directors;
- maintaining succession planning for directors, the CEO and Senior Management
- review the Company's reporting and disclosure practices in relation to the remuneration of Directors and senior executives.

Meetings shall be held at least annually and more often as required.

### **Diversity Policy**

The Board has adopted a diversity policy which provides a framework for the Company to achieve, amongst other things, a diverse and skilled workforce, a workplace culture characterised by inclusive practices and behaviours for the benefit of all staff, improved employment and career development opportunities for women and a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives.

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
<b>Principle 1: Lay solid foundations for management and oversight</b>		
<b>Recommendation 1.1</b> A listed entity should have and disclose a charter which sets out the respective roles and responsibilities of the Board, the chair and management; and includes a description of those matters expressly reserved to the Board and those delegated to management.	Yes	<p>The Company has adopted a Corporate Governance Charter, which is available on the Company's website (<a href="http://www.emefcy.com/investors.php">http://www.emefcy.com/investors.php</a>).</p> <p>The Corporate Governance Charter sets out, among other things, specific responsibilities of the Board, requirements as to the Board's composition, the roles and responsibilities of the Chairman and management, Director's access to Company records and information, details of the Board's relationship with management.</p>
<b>Recommendation 1.2</b> A listed entity should: <ul style="list-style-type: none"> <li>undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</li> <li>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.</li> </ul>	Yes	<p>Appropriate checks have been undertaken in respect of each proposed Director named in Section 9.1 and information will be provided to security holder at the time of election or re-election as appropriate.</p>
<b>Recommendation 1.3</b> A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Yes	<p>The Company has entered into written agreements with each director and senior executives.</p>
<b>Recommendation 1.4</b> 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.	Yes	<p>This is consistent with the Charter and corporate structure of the Company. The Company Secretary has a direct relationship with the Board in relation to these matters and operates independently of the executives.</p>
<b>Recommendation 1.5</b> A listed entity should: <ul style="list-style-type: none"> <li>have a diversity policy which includes requirements for the Board: <ul style="list-style-type: none"> <li>(i) to set measurable objectives for achieving gender diversity; and</li> <li>(ii) to assess annually both the objectives and the entity's progress in achieving them;</li> </ul> </li> <li>disclose that policy or a summary of it; and</li> <li>disclose as at the end of each reporting period:</li> </ul>	Partially	<p>The Company has adopted a diversity policy, copy of which is available on the Company's website (<a href="http://www.emefcy.com/investors.php">http://www.emefcy.com/investors.php</a>).</p> <p>The Company believes that all categories of diversity are as equally as important within its organisation and due to its size and nature of the business, the Company has not set any gender specific diversity objectives.</p> <p>The Board was newly constituted on 18 December 2015 and, in consultation with the Remuneration &amp; Nomination Committee, will during the 2016 year set measureable objectives for achieving diversity, in particular gender diversity, in accordance with this</p>

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
<p>(i) the measurable objectives for achieving gender diversity set by the Board in accordance with the entity's diversity policy and its progress towards achieving them; and</p> <p>(ii) either:</p> <p>(a) 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>(b) the entity's "Gender Equality Indicators", as defined in the Workplace Gender Equality Act 2012.</p>		<p>policy and the diversity targets set by the Board from time to time and will review the effectiveness and relevance of these measurable objectives on an annual basis.</p> <p>The Board will include in the Annual Report each year commencing with the 2016 Annual Report:</p> <ul style="list-style-type: none"> <li>• Measurable objectives, if any, set by the Board; progress against achieving the objectives; and</li> <li>• The proportion of women employees in the whole organisation, at senior management level and at Board level.</li> </ul> <p>As at the date of this Statement, 100% of the company's Board are male and of the senior executive team, one of the six is female (recently appointed) and the rest are male.</p>
<p><b>Recommendation 1.6</b></p> <p>A listed entity should:</p> <ul style="list-style-type: none"> <li>• have and disclose a process for periodically evaluating the performance of the Board, its committees and individual directors; and</li> <li>• disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</li> </ul>	Partially	<p>The Board Charter sets out a process for performance evaluation processes. The Chairman determines the evaluation criteria and process, based on inputs from the Board and the Remuneration and Nomination Committee.</p> <p>The Board reviews at least annually its overall performance, as well as the performance of its committees and individual directors.</p> <p>The parent entity had no formal activities for much of the reporting period, other than considering acquisition opportunities. The acquisition of Emefcy Limited Israel was completed on 18 December 2015; 13 days before the end of the reporting period, and with a newly constituted Board.</p> <p>Whilst no formal performance evaluation was undertaken during the reporting period, the newly constituted Board plans to conduct an evaluation during the 2016 year.</p>
<p><b>Recommendation 1.7</b></p> <p>A listed entity should:</p> <ul style="list-style-type: none"> <li>• have and disclose a process for periodically evaluating the performance of its senior executives; and</li> </ul>	Partially	<p>The Chairman, with assistance and inputs from the Remuneration and Nomination Committee, assesses the performance of senior executives at least annually.</p> <p>For the reasons disclosed in response to Recommendation 1.6 above, the Company did not have executives for most of the year, until 18 December 2015 and hence no evaluation was been undertaken.</p> <p>An evaluation will be undertaken in the 2016 year.</p>



PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
<ul style="list-style-type: none"> <li>disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</li> </ul>		
<b>Principle 2: Structure the Board to add value</b>		
<b>Recommendation 2.1</b> The Board of a listed entity should: <ul style="list-style-type: none"> <li>have a nomination committee which:                             <ul style="list-style-type: none"> <li>(i) has at least three members, a majority of whom are Independent Directors; and</li> <li>(ii) is chaired by an Independent Director,</li> </ul>                             and disclose:                             <ul style="list-style-type: none"> <li>(iii) the charter of the committee;</li> <li>(iv) the members of the committee; and</li> <li>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> </li> <li>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, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively.</li> </ul>	Yes	A Remuneration and Nomination Committee has been established with its own Charter.  The Board maintains a combined Remuneration and Nomination Committee Charter, whose members during the financial year, were as follows:  Ross Haghighat - Chair, Non-Executive Director, Independent Richard Irving - Member, Executive Chairman, Not-independent Peter Marks – Member, Non-Executive Director, Independent  The majority of the Committee members and the Chair are independent.  The number of Committee meetings held and attended by each member is disclosed in the 'Meetings of directors' section of the Directors' report.  Copy of the Remuneration and Nomination Committee Charter is available from the company's website ( <a href="http://www.emefcy.com/investors.php">http://www.emefcy.com/investors.php</a> ).
<b>Recommendation 2.2</b> A listed entity should have and disclose a Board skill matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.	Yes	The Board uses a capabilities matrix to guide its assessment of the skills and experience of the Directors, and the skills that the Board considers will complement the effective functioning of the Board. The Board considers that there are many professional capabilities possessed among the Directors which include, but are not limited to, the following: <ul style="list-style-type: none"> <li>Accounting and finance</li> <li>Capital market/raising experience</li> <li>Corporate Governance</li> <li>Industry knowledge</li> <li>Commercialisation of innovation experience</li> <li>Leadership knowledge &amp; abilities</li> <li>Risk Management</li> <li>Regulatory environment knowledge</li> </ul>

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
		<ul style="list-style-type: none"> <li>Marketing</li> </ul> <p>When the need for a new director is identified, the required experience and competencies of the new director are defined in the context of this matrix and any gaps that may exist.</p> <p>Full details of each Director (or Proposed Director) and senior executive's relevant skills and experience are set out in the Annual Report.</p> <p>The Company's Corporate Governance Charter sets out the procedures for selecting and appointment of Directors which include a commitment to ensuring a balance of skill and experience necessary for the conduct of the Company's activities.</p>
<b>Recommendation 2.3</b> A listed entity should disclose: <ul style="list-style-type: none"> <li>the names of the directors considered by the Board to be Independent Directors;</li> <li>if a director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendation (3rd Edition), 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</li> <li>the length of service of each director</li> </ul>	Yes	<p>The Board may determine that a director is independent notwithstanding the existence of an interest, position, association or relationship of the kind identified in the examples listed under Recommendation 2.3 of the ASX Principles and Recommendations.</p> <p>The Company considers the following Directors to be independent:</p> <ul style="list-style-type: none"> <li>- Ross Haghighat, Non-Executive Director</li> <li>- Peter Marks, Non-Executive Director</li> <li>- Robert Wale, Non-Executive Director</li> </ul> <p>The Board notes the following directors are deemed not independent for the purposes of the Guidelines:</p> <ul style="list-style-type: none"> <li>- Richard Irving, Executive Chairman</li> <li>- Eytan Levy, CEO and Managing Director</li> </ul> <p>The length of service of each existing Director is set out in the Annual Report.</p>
<b>Recommendation 2.4</b> A majority of the Board of a listed entity should be Independent Directors.	Yes	<p>The majority of the Board at the reporting date were independent.</p>
<b>Recommendation 2.5</b> 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.	Partially	<p>Richard Irving is currently the Executive Chairman of the company. The Board recognises the importance that the Chair should be independent, but the Company believes that at this stage in its development, the most appropriate person for the position of Chairman is an Executive Director, Richard Irving. The Executive Director's overall expertise and direct involvement is crucial at this stage in its development and life cycle.</p>

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
<b>Recommendation 2.6</b> A listed entity should have a program for inducting new directors and providing appropriate professional development opportunities for continuing directors to develop and maintain the skills and knowledge needed to perform their role as a director effectively.	Yes	This is consistent with the Board Charter. The Company is committed to procuring appropriate professional development opportunities for Directors so that they may develop and maintain the skill and knowledge need to perform their roles effectively, whether this be by informal program or otherwise.
<b>Principle 3: Act ethically and responsibly</b>		
<b>Recommendation 3.1</b> A listed entity should: <ul style="list-style-type: none"> <li>have a code of conduct for its directors, senior executives and employees; and</li> <li>disclose that code or a summary of it.</li> </ul>	Yes	The Company's Corporate Governance Charter includes a Code of Conduct, which sets out a framework to enable Directors to achieve the highest possible standards in the discharge of their duties and to give a clear understanding of best practice in corporate governance. A copy of the Corporate Governance Charter is available at the Company's website ( <a href="http://www.emefcy.com/investors.php">http://www.emefcy.com/investors.php</a> ).
<b>Principle 4: Safeguard integrity in corporate reporting</b>		
<b>Recommendation 4.1</b> The Board of a listed entity should: <ul style="list-style-type: none"> <li>have an audit committee which: <ul style="list-style-type: none"> <li>(i) has at least three members, all of whom are Non-Executive Directors and a majority of whom are Independent Directors; and</li> <li>(ii) is chaired by an Independent Director, who is not the chair of the Board,</li> </ul> and disclose: <ul style="list-style-type: none"> <li>(iii) the Charter of the Committee;</li> <li>(iv) the relevant qualifications and experience of the members of the committee; and</li> <li>(v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> </li> <li>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.</li> </ul>	Partially	<p>The Company has established an Audit and Risk Management Committee to assist and report to the Board, whose members of which are:</p> <p>Ross Haghighat – Chair, Non-Executive Director, Independent  Peter Marks - member, Non-Executive Director, Independent  Phillip Hains - member, Non-Executive Director, Independent (resigned on 5 April 2016)</p> <p>The Committee had three independent members up to the recent retirement of Mr Hains and has not yet appointed a replacement.</p> <p>Copy of the Audit and Risk Committee Charter can be obtained from the company's website (<a href="http://www.emefcy.com/investors.php">http://www.emefcy.com/investors.php</a>).</p> <p>Details of the qualifications and experience of the Directors and the number of meetings held have been disclosed in the Company's most recent annual report.</p>

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
<b>Recommendation 4.2</b> 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 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.	Yes	This is consistent with the approach adopted by the Audit and Risk Committee and Board. In particular the Audit and Risk Committee receives the CEO and CFO declaration on these points and reports to the Board.
<b>Recommendation 4.3</b> 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.	Yes	The Company's auditor has confirmed his attendance at the 2016 AGM and shareholders will be entitled to ask questions in accordance with the Corporations Act and these Guidelines.
<b>Principle 5: Make timely and balanced disclosure</b>		
<b>Recommendation 5.1</b> A listed entity should: <ul style="list-style-type: none"> <li>• have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</li> <li>• disclose that policy or a summary of it.</li> </ul>	Yes	The Company has a written Continuous Disclosure Policy which forms part of its Corporate Governance Charter, copy of which can be obtained from the Company's website ( <a href="http://www.emefcy.com/investors.php">http://www.emefcy.com/investors.php</a> ).
<b>Principle 6: Respect the rights of security holders</b>		
<b>Recommendation 6.1</b> A listed entity should provide information about itself and its governance to investors via its website.	Yes	Information about the Company and its governance is available in the Corporate Governance Charter which can be found on the Company's website ( <a href="http://www.emefcy.com/investors.php">http://www.emefcy.com/investors.php</a> ).
<b>Recommendation 6.2</b> A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Yes	The Company has adopted a Communication and Disclosure Policy which forms part of its Board Charter, copy of which is available at the Company's website ( <a href="http://www.emefcy.com/investors.php">http://www.emefcy.com/investors.php</a> ).
<b>Recommendation 6.3</b> A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Yes	The Communication and Disclosure Policy referred to above, contains policies and processes aimed to facilitate and encourage participation at meetings. Links are made available at the Company's website to information released to the ASX. Shareholders are encouraged to participate in, and raise questions at, all shareholder meetings. The Notice of 2016 AGM includes a letter from the Chairman inviting shareholders to attend the AGM.

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
<b>Recommendation 6.4</b> A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Yes	The Company has instructed its share registry to facilitate this option for investors, as well as future shareholders at appropriate times. Shareholders can elect to receive communications from the Company by email and the majority of communications to the Company can be made by email.
<b>Principle 7: Recognise and manage risk</b>		
<b>Recommendation 7.1</b> The Board of a listed entity should: <ul style="list-style-type: none"> <li>have a committee or committees to oversee risk, each of which: <ul style="list-style-type: none"> <li>(i) has at least three members, a majority of whom are independent directors; and</li> <li>(ii) is chaired by an independent director, and disclose: <ul style="list-style-type: none"> <li>(iii) the charter of the committee;</li> <li>(iv) the members of the committee; and</li> <li>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> </li> </ul> </li> <li>if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the process it employs for overseeing the entity's risk management framework.</li> </ul>	Partially	<p>The Company has a combined Audit and Risk Committee to oversee risk, please refer to Recommendation 4.1.</p> <p>The Committee is chaired by an Independent Non-Executive Director. Up until 5 April 2016, when Mr Hains retired as a Director, the Company had three independent members of the Committee, and is yet to appoint a replacement for Mr Hains.</p> <p>The Charter of the Committee is available at the Company's website (<a href="http://www.emefcy.com/investors.php">http://www.emefcy.com/investors.php</a>).</p> <p>The members of the Committee are shown in the Annual Report and in Section 4.1 above. The Annual Report also discloses the number of meetings held and individual attendances.</p>
<b>Recommendation 7.2</b> The Board or a committee of the Board should: <ul style="list-style-type: none"> <li>review the entity's risk management framework with management at least annually to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material business risks the entity faces and to ensure that they remain within the risk appetite set by the Board; and</li> <li>disclose in relation to each reporting period, whether such a review has taken place.</li> </ul>	Yes	The risk management framework is established within the Audit and Risk Committee Charter. The Committee reviews the Company's financial risk profile and processes at least quarterly and reports to the Board, commencing with effect from the December 2015 quarter.

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
<b>Recommendation 7.3</b> A listed entity should disclose: <ul style="list-style-type: none"> <li>if it has an internal audit function, how the function is structured and what role it performs; or</li> <li>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.</li> </ul>	Yes	<p>The Company does not have an internal audit function due to the Company's limited number of employees and relative nature and scale of its operations, and the costs of having an internal audit function.</p> <p>Adequate risk management policies and internal control processes are in place. The Audit and Risk Committee is responsible to evaluate the effectiveness of its risk management systems and internal control processes, and it reports directly to the Board.</p>
<b>Recommendation 7.4</b> 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.	Yes	<p>The company is in the early stages of commercialisation of its SABRE technology and does not, at this stage of its development, have material exposure to economic, environmental or social sustainability risks. The Company reviews risks applicable to its operations in accordance with its risk management practices.</p>
<b>Principle 8: Remunerate fairly and responsibly</b>		
<b>Recommendation 8.1</b> The Board of a listed entity should: <ul style="list-style-type: none"> <li>have a remuneration committee which: <ul style="list-style-type: none"> <li>(i) has at least three members, a majority of whom are independent directors; and</li> <li>(ii) is chaired by an independent director, and disclose: <ul style="list-style-type: none"> <li>(iii) the charter of the committee;</li> <li>(iv) the members of the committee; and</li> <li>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> </li> </ul> </li> <li>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.</li> </ul>	Yes	<p>The Board has established a combined Remuneration &amp; Nomination Committee to assist the Board to discharge its responsibilities in relation to remuneration and issues relevant to remuneration policies and practices, including those for senior management and non-executive Directors. For further details please refer to Recommendation 2.1.</p> <p>The Committee has three members and a majority of the Committee are independent directors.</p> <p>The Committee is chaired by an Independent Director.</p> <p>The Charter is available at the Company's website (<a href="http://www.emefcy.com/investors.php">http://www.emefcy.com/investors.php</a>).</p> <p>The members of the Committee, the number of meetings and attendances is disclosed in the Annual Report.</p>
<b>Recommendation 8.2</b> 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 and ensure that the different roles and	Yes	<p>The remuneration policies are set out in the Board Charter and the Remuneration Report. The Company's Annual Remuneration Report discloses the Company's policies and practices regarding the remuneration of executive, non-executive and senior management.</p>

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
responsibilities of Non-Executive Directors compared to executive directors and other senior executives are reflected in the level and composition of their remuneration.		
<b>Recommendation 8.3</b> A listed entity which has an equity-based remuneration scheme should: <ul style="list-style-type: none"> <li>• 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</li> <li>• disclose that policy or a summary of it.</li> </ul>	Yes	<p>In accordance with the Company's Share Trading Policy, participants in the Company's equity based incentive scheme are prohibited from entering into any transaction that would have the effect of hedging or otherwise transferring the risk of any fluctuation in the value of any unvested entitlement in the Company's securities to any other person.</p> <p>A copy of the Share Trading Policy is available at the Company's website (<a href="http://www.emefcy.com/investors.php">http://www.emefcy.com/investors.php</a>).</p>