

Corporate Governance Statement

FOR THE YEAR ENDED 30 JUNE 2019



Silex Systems Limited (the Company) and the Board are committed to achieving and demonstrating the highest standards of corporate governance.

The Company's corporate governance practices are structured with reference to the Corporate Governance Principles and Recommendations (3rd Edition) published by the ASX Corporate Governance Council. The 4th Edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations were released in February 2019 and the Company intends implementing the recommendations during the year ending 30 June 2020. The Company is already compliant with a number of the new principles and recommendations contained in the 4th Edition.

The 3rd Edition Principles which the Company meets the specific requirements of, are as follows:

- Principle 1. Lay solid foundations for management and oversight
- Principle 2. Structure the Board to add value
- Principle 3. Act ethically and responsibly
- Principle 4. Safeguard integrity in corporate reporting
- Principle 5. Make timely and balanced disclosure
- Principle 6. Respect the rights of security holders
- Principle 7. Recognise and manage risk
- Principle 8. Remunerate fairly and responsibly

A description of the Company's main corporate governance practices is set out below. The 2019 Corporate Governance Statement is dated as at 30 June 2019 and reflects the corporate governance practices in place throughout the 2019 financial year. This Corporate Governance Statement was approved by the Board on 29 August 2019.

Principle 1: Lay solid foundations for management and oversight

The Directors are responsible to shareholders for the performance of the Company in both the short and the longer term and seek to balance sometimes competing objectives in the best interests of the Company as a whole. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Company is properly managed.

Day to day management of the Company's affairs and the implementation of the corporate strategy and policy initiatives are formally delegated by the Board to the CEO/MD and senior executives.

The Board of Directors is accountable to shareholders for the performance of the Company and is responsible for the corporate governance practices of the Company.

The Board's principal objective is to maintain and increase shareholder value while ensuring that the Company's overall activities are properly managed. The Board operates under a Charter and Code of Conduct which establishes guidelines for its conduct. The purpose of the Code is to ensure that Directors act honestly, legally, responsibly and ethically and at all times in the best interests of the Company.

Silex's corporate governance practices provide the structure which enables the Board's principle objective to be achieved, whilst ensuring that the business and affairs of the Company are conducted ethically and in accordance with the law.

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The Board's overall responsibilities include:

- Providing strategic direction and approving corporate strategies;
- Appointing and removing the CEO/MD;
- Reviewing and approving business plans, annual budgets and financial plans;
- Monitoring management and financial performance and reporting;
- Monitoring and ensuring the maintenance of adequate risk management controls and reporting mechanisms; and
- Ensuring the business is conducted ethically and transparently.

The Board delegates responsibility for the day-to-day management of the business to the CEO/MD. The CEO/MD also oversees the implementation of strategies approved by the Board. The Board understands the importance of a strong and healthy working relationship with management. The Board uses committees to support it in matters that require more intensive review and involvement. Details of the Board Committees are provided below.

As part of its commitment to good corporate governance, the Board undertakes regular reviews of the practices and standards governing the Board's composition, independence and effectiveness, the accountability and compensation of Directors and the Board's responsibility for the stewardship of the Company.

When it is necessary to appoint a new Director to fill a vacancy on the Board or to complement the existing Board, a wide and diverse potential base of possible candidates is considered from a number of channels and, if required, external recruitment consultants are engaged. The Board assesses the qualifications of the proposed new Director against a range of criteria including experience, background, professional qualifications and skills, personal qualities, the potential for the candidate's skills to enhance and complement the existing Board, and the candidate's availability to commit to the Board's activities. A thorough reference checking process is then undertaken. Should the Board's criteria be met by the candidate, the Board appoints the candidate as a Director. The newly appointed Director must retire at the next Annual General Meeting (AGM) and will be eligible for election by shareholders at that AGM.

The Chair undertakes an annual assessment of the performance of the CEO/MD and the non-executive directors and meets privately with each director to discuss this assessment. The CEO/MD meets annually with senior management to discuss their performance. Feedback is also sought from other Directors.

The Company Secretary reports directly to the Board through the Chair, and all Directors have access to the Company Secretary. The Company Secretary's role is in respect to matters concerning the proper functioning of the Board, coordination of Board business, matters of governance, monitoring adherence to Board policies and procedures, the engagement of independent professional advisers at the request of the Board, and assisting with the induction and professional development of new Directors.

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Diversity

The Company values diversity and recognises the benefits arising from the recruitment, development and retention of a talented, diverse and motivated workforce.

Diversity within the Company means all things that make individuals different to one another. Silex embraces all employee differences including but not limited to gender, ethnicity, religion, culture, language, disability and age. It involves a commitment to equality and treating one another with respect.

Accordingly, the Company has developed a Diversity and Inclusion Policy, a copy of which can be found on the Company's website. This policy outlines the Company's position on all forms of diversity. Responsibility for review of matters contained within the Diversity and Inclusion Policy rests with the Board as a whole and is reflected accordingly in its Charter.

The Diversity and Inclusion Policy includes requirements for the Board to establish measurable objectives for achieving diversity, and for the Board to assess annually both the objectives and the Company's progress in achieving them.

In accordance with the Diversity and Inclusion Policy and ASX Corporate Governance Principles, the Board has established the following objectives in relation to gender diversity for FY2019. Our aim is to continue to achieve these objectives as positions become vacant and appropriately skilled candidates are available.

	Objective FY2019	Actual FY2019*
Percentage of women employees in the whole organisation	20.00%	17.65%
Percentage of women in senior executive and management positions	25.00%	25.00%
Percentage of women non-executive directors	33.33%	33.33%

* The above actual figures are based on a report prepared on 30 June 2019.

In respect to gender diversity specifically, as at the 30 June 2019, 17.65% of the total Silex workforce is female. This statistic is somewhat skewed due to the unique nuclear knowledge and skillset required to work on the Company's uranium enrichment technology, traditionally this has not been an industry with strong female representation. Females are currently represented within each position level of the workforce, including at Board level.

Silex is not required to report under the Workplace Gender Equality Act (WGEA).

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Measurable Objectives

The below table details the diversity objectives for measurement, that have been established by the Board:

Objective for FY2019	Outcome
Review Diversity and Inclusion Policy annually	Reviewed
Undertake an annual gender pay audit to ensure equity in remuneration practices	This was undertaken as part of the annual salary review process
Report annual data across the Company on diversity in the workplace	Ongoing periodic reporting
Encourage training and development to assist in furthering career goals	Ongoing, including formal and informal training initiatives
Implement flexible working arrangements where possible, to support employee's personal or family commitments whilst continuing employment	The Company provides employees with flexible working arrangements
When the Board next recruits for an independent non-executive director, a broad selection of potential candidates will be presented to ensure that a cross section of candidates with diverse backgrounds, skills and experience are presented	Ongoing

Principle 2: Structure the Board to add value

The Board is comprised of both executive and non-executive directors with a majority of non-executive directors. Non-executive directors bring a balanced perspective to the Board's consideration of strategic, risk and performance matters and are best placed to exercise independent judgement and review and constructively challenge the performance of management.

The Chair is an independent non-executive director and all Directors are required to bring independent judgement to bear in their Board decision making. The Chair is elected by the full Board.

The Company undertakes a Board renewal process that involves regularly reviewing Board composition to ensure an appropriate mix of background with complementary skills and experience. When a new director is to be appointed, the Board prepares a list of the requisite range of skills, experience and expertise based on the needs of the Company. From this, the Board prepares a short-list of candidates with appropriate skills and experience. A number of channels are used to source candidates to ensure the company benefits from a broad range of individuals in the selection process.

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Details of persons who held office during FY2019 can be found in Section 9 of the Directors' Report. The Directors of the Company in office as at the date of this statement are:

Name	Age	Position	Expertise	Year Appointed Director
Mr C A Roy	54	Chair, Independent non-executive director	Research and commercialisation strategy, innovation and entrepreneurship	2019
Dr M P Goldsworthy	61	CEO/MD	Physicist and co-inventor of the SILEX Technology and Company Management	1992
Ms M K Holzberger	43	Independent non-executive director	International nuclear law, regulatory compliance and trade, risk and governance	2019
Mr C D Wilks	60	Non-executive director	Investment Banking, Finance and Company Management	1988

Directors' independence

The Board has adopted specific principles in relation to Directors' independence. These state that to be deemed independent, a Director must be a non-executive and:

- Not be a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- Within the last three years, not have been employed in an executive capacity by the Company or any other group member, or been a director after ceasing to hold any such employment;
- Within the last three years not have been a principal of a material professional adviser or a material consultant to the Company or any other group member, or an employee materially associated with the service provided;
- Not be a material supplier or customer of the Company or any other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- Must have no material contractual relationship with the Company or a controlled entity other than as a director of the Company; and
- Be free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company.

Materiality for these purposes is determined on both quantitative and qualitative bases. In addition, a transaction of any amount or a relationship is deemed material if knowledge of it may impact the shareholders' understanding of the Director's performance.

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In considering whether a Director is independent, the Board refer to the above specific principles and the independence criteria of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations. The Board regularly assesses the independence of all Directors as appropriate.

Mr C A Roy and Ms M K Holzberger are considered independent. An independent director cannot be a substantial shareholder (as defined in Section 9 of the *Corporations Act 2001*). The size and composition of the Board is determined by the full Board. Additional information on the skills, experience and qualifications of the directors is included in Section 9 of the Directors' Report.

The Board has noted the 31-year tenure of Mr C D Wilks. Notwithstanding his period of service, the Board concluded that Mr Wilks retains independence in judgement and continues to be a major contributor to the Board. His extensive experience with Silex and his commercial acumen complements the contributions made by our other Directors.

It is noted that the current composition of our Board does not have a majority of independent Directors and this has been considered by the Board. For the year ended 30 June 2019, the Board was considered to be an appropriate size and the Directors deemed to have an appropriate mix of independent judgement, skills, experience and tenure.

The Company's Board skills matrix sets out the mix of skills, experience and expertise that the Board currently has and is looking to achieve in its membership. Its structure reflects the areas particularly relevant to the key elements of our strategy (drive value from the core, development and commercialisation of disruptive technology, build new growth for the business), as well as other areas of importance to the composition of our Board.

Each of these areas is currently well represented on the Board. The Board benefits from the combination of Director's individual skills, experience and expertise in particular areas, as well as the varying perspectives and insights that arise from the interaction of Directors with diverse backgrounds.

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The areas addressed in the Board skills matrix are:

Strategic Priorities/Areas	Skills Matrix
<p>Drive value from the core</p> <p>Development and commercialisation of disruptive technology</p> <p>Build new growth for the business</p>	<ul style="list-style-type: none"> • General business management and entrepreneurship • Innovation, science and technology • Technology and research initiative • Government, government relations and policy • International business • External engagement • Marketing and growth • Strategic planning • Operations and asset optimisation • Understanding and appreciation of the global nuclear fuel market • Commercialisation of technology or scientific products
<p>Other areas</p>	<ul style="list-style-type: none"> • C-suite level experience • Other non-executive director experience • Accounting, finance and audit • Risk management • Legal, regulatory, governance and compliance • Labour relations, human resources and remuneration • Workplace health and safety

Non-executive directors

The non-executive directors met during the year, in scheduled sessions without the presence of senior executives and management, to discuss the operation of the Board and a range of other matters. Relevant matters arising from these meetings were shared with the full Board.

Term of office

The Company's Constitution specifies that all directors, other than the CEO/MD, must retire from office no later than the third AGM following their last election, with a minimum of one director retiring from office each year.

Where eligible, a Director may stand for re-election. All material information that may be deemed relevant to shareholders when deciding whether to re-elect a director is provided in the Notice of Meeting. Prior to appointment or being submitted for re-election each non-executive director is required to specifically acknowledge that they have and will continue to have the time available to discharge their responsibilities to the Company.

At the 2019 AGM, Mr C A Roy and Ms M K Holzberger who were appointed as Non-executive directors by the Board on 1 January 2019 will seek election to the Board by shareholders.

Chair and CEO/MD

The Chair is responsible for leading the Board, ensuring Directors are properly briefed in all matters relevant to their role and responsibilities, and facilitating Board discussions. The CEO/MD is responsible for the day-to-day management of the Company's affairs, and for implementing Company strategies and policies as determined by the Board of Directors.

Induction

The induction provided to new directors and senior executives enables them to actively participate in decision-making as soon as possible. It ensures that they have a full understanding of the Company's financial position, strategies, operations, culture, values and risk management policies. It also explains the respective rights, duties, responsibilities, interaction and roles of the Board and senior executives and the Company's meeting arrangements.

New directors are invited to attend briefing sessions with the CEO/MD, senior executives and Chair where they may ask questions. They are also encouraged to attend site visits, at appropriate times. Directors also agree to participate in continuous improvement and professional development programmes from time to time, as considered appropriate.

Board meetings

The Board meets formally at least 9 times a year to consider a broad range of matters, including progress with respect to the Company's various development programs, strategy, financial reviews, acquisitions and investments. Details of meetings and attendances are set out in the Directors' Report. Senior executives and management attend Board Meetings where necessary and present to the Board on operational matters. Additional ad-hoc meetings are held as required.

Conflicts of interest of directors

The Board has guidelines dealing with disclosure of interests by directors and participation and voting at board meetings where any such interests are discussed. In accordance with the *Corporations Act 2001*, any director with a material personal interest in a matter being considered by the Board does not receive the relevant board papers, must not be present when the matter is being considered, and may not vote on the matter.

Independent professional advice

Directors and Board Committees have the right, in connection with their duties and responsibilities, to seek independent professional advice at the Company's expense. Prior written approval of the Chair is required, but this will not be unreasonably withheld.

All Directors have access to Company records and information and receive detailed financial and operational reports from senior management during the year to enable them to carry out their duties. Directors also liaise with senior management as required, and may consult with other employees and seek additional information on request.

Performance assessment and remuneration

The Board meets to undertake an annual self-assessment of its collective performance, the performance of the Chair and of its committees. The Board considers the appropriate mix of skills required by the Board to maximise its effectiveness and its contribution to the Company.

The Chair undertakes an annual assessment of the performance of individual directors and holds discussions with each director to discuss this assessment. The CEO/MD and the Chair meet annually with non-director senior executives to discuss their performance. Feedback is also sought from other directors.

The Directors' Report contains details of remuneration paid to directors and Key Management Personnel (KMP). Executive and non-executive directors' fees are clearly separated in the Directors' Report. Where bonuses are paid, details of the reason for the bonus are described. In the event equity awards are to be issued to executive directors, these are required to be pre-approved by shareholders at the AGM.

Additional information on performance evaluation and remuneration is provided in the Directors' Report.

Board committees

The Board has established a number of committees to assist in the execution of its duties and to allow detailed consideration of complex issues. Current committees of the Board are the People & Remuneration and Audit Committees. Each committee is comprised of a majority of independent non-executive directors. The committee structure and membership are reviewed on an annual basis.

Board approved charters set out the terms of reference and responsibilities of the committees. The committee charters are available in the Corporate Governance section of the Company's website.

Nomination committee

The Board has decided that it is in the Company's best interests that the full Board deals with nomination issues. As a result, a Nomination Committee has not been established. From time to time, the Board may establish a temporary sub-committee to assist the Board in fulfilling its nomination responsibilities.

Principle 3: Act ethically and responsibly

Code of conduct

The Company has developed a Code of Conduct (the Code) which has been fully endorsed by the Board and applies to all directors and employees.

In summary, the Code requires that at all times Company personnel act with the utmost integrity, objectivity and in compliance with the letter and the spirit of the law and company policies. A copy of the Code is available on the Company's website at: www.silex.com.au/Corporate-Governance.

Principle 4: Safeguarding integrity in corporate reporting

Audit Committee

The Audit Committee consists of a majority of independent non-executive directors and the Chair is an independent non-executive director. The current members of the Audit Committee are:

Ms M K Holzberger - Chair
Mr C A Roy
Mr C D Wilks

Details of these Directors' qualifications and attendance at Audit Committee meetings are set out in the Directors' Report. The Audit Committee has appropriate financial expertise and all members are financially literate and have an appropriate understanding of the industries in which the Company operates.

The Audit Committee has its own charter setting out its role and responsibilities, composition, structure, membership requirements and the manner in which the committee is to operate. The Charter is reviewed regularly and is available on the Company's website at: www.silex.com.au/Corporate-Governance

Minutes of committee meetings are tabled at the subsequent Board meeting.

The main responsibilities of the Committee are to:

- Review, assess and approve the financial reports and all other financial information published by the Company or released to the market;
- Assist the Board in reviewing the effectiveness of the organisation's internal control environment covering:
 - effectiveness and efficiency of operations;
 - reliability of financial reporting;
 - Compliance with applicable laws and regulations;
- Oversee the effective operation of the risk management framework;

- Recommend to the Board the appointment, removal and remuneration of the external auditors, and review the terms of their engagement, the scope and quality of the audit and assess performance;
- Consider the independence and competence of the external auditor on an ongoing basis;
- Review and approve the level of non-audit services provided by the external auditors and ensure it does not adversely impact on auditor independence;
- Review and monitor related party transactions and assess their propriety; and
- Report to the Board on matters relevant to the committee's role and responsibilities.

In fulfilling its responsibilities, the Audit Committee receives regular reports from management and the external auditors. It also meets with the external auditors at least twice a year – more frequently if necessary, and reviews any significant disagreements between the auditors and management, irrespective of whether they have been resolved. The external auditors have a clear line of direct communication at any time to either the Chair of the Audit Committee or the Chair of the Board.

The Audit Committee has authority, within the scope of its responsibilities, to seek any information it requires from any employee or external party.

External auditors

The Company and Audit Committee policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs.

In accordance with Section 324DA of the *Corporations Act 2001*, the audit partner of the external audit firm for listed companies is rotated at least every five years.

An analysis of fees paid to the external auditors, including a break-down of fees for non-audit services, is provided in the full year Financial Report. It is the policy of the external auditors to provide annual declarations of their independence to the Audit Committee.

The external auditor is requested to attend the Annual General Meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the Audit Report.

The external auditors can meet with the Audit Committee without management present at any time and as required.

Financial reporting

In accordance with Section 295A of the *Corporations Act 2001* and Recommendation 4.2 of the ASX Corporate Governance Principles and Recommendations, the CEO/MD and CFO/Company Secretary make the following declarations to the Board prior to the Directors approving the financial statements for any reporting period:

- That the Company's financial records have been properly maintained in accordance with the Act and that the financial statements and notes for the financial year comply with accounting standards and give a true and fair view of the financial position and performance of the Company; and
- That the above statement is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Principle 5: Make timely and balanced disclosure

Continuous disclosure and shareholder communication

The Company is committed to giving all shareholders timely and equal access to information concerning the Company.

The Company has written policies and procedures on information disclosure that focus on continuous disclosure of any information concerning the Company that a reasonable person would expect to have a material effect on the price of the Company's securities. A copy of the Company's Continuous Disclosure Policy is available on the Company's website at: www.silex.com.au/Corporate-Governance. These policies and procedures also include the arrangements the Company has in place to promote effective communication with shareholders and encourage participation at general meetings. The Company's Continuous Disclosure Policy is available on the Company's website.

The Company Secretary has been nominated as the person responsible for communications with the Australian Stock Exchange (ASX). This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing and co-ordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

Information disclosed to the ASX is posted on the Company's website as soon as it is disclosed to the ASX and an email alert is sent to subscribing shareholders. Procedures have also been established for reviewing whether any price sensitive information has been inadvertently disclosed, and if so, this information is also immediately released to the market.

Principle 6: Respect the rights of security holders

The rights of shareholders

The Company provides detailed information regarding its operations, affairs, major developments and governance practices on its website. The Board aims to ensure that the shareholders are informed of all appropriate information regarding the Company and its governance.

Shareholder engagement

The Company's investor relations program involves engaging with shareholders at the AGM, responding to queries and meeting with investors as requested.

The Annual Report is distributed to all shareholders who have elected to receive it and is made available on the Company's website. The Board ensures that the Annual Report includes relevant information about the operations of the Company, changes in the state of affairs of the Company and details of likely future developments, in addition to the other disclosures required by the *Corporations Act 2001*.

Shareholders may elect to receive communications from the company and our share registry electronically and the Company ask shareholders regularly if they wish to amend their election.

Annual General Meeting (AGM)

The Board encourages participation of shareholders at the AGM to ensure a prominent level of accountability and identification with the Company's strategy and goals. Important issues are presented to the shareholders as single resolutions. The Notice of Meeting details any supplementary information for important issues and resolutions being raised and discloses the procedures for voting either in person or via our direct voting facility managed by our share registry.

A detailed question and answer session is hosted by our CEO/MD at each AGM where shareholders have the opportunity to ask questions or make comments.

The shareholders are responsible for voting on the appointment of Directors.

Principle 7: Recognise and manage risk

The Board, through the Audit Committee, is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. These policies are detailed in the Audit Committee Charter. In summary, the Company policies are designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Company's business objectives.

Considerable importance is placed on maintaining a strong control environment. There is an organisational structure with clearly drawn lines of accountability and delegation of authority. Adherence to the Code of Conduct is required at all times and the Board actively promotes a culture of quality and integrity.

Detailed control procedures cover management accounting, financial reporting, project appraisal, environment, workplace health and safety, IT security, regulatory, compliance and other risk management issues.

The Company's risk management framework has been designed in accordance with AS/NZS ISO 31000:2018 and this framework is reviewed annually. The review for FY2019 has been completed. This includes the review and update of the Company's Risk Appetite Statement and the maintenance of a risk register, which sets out all of the enterprise risks that have been identified and includes an assessment of the risk (risks analysed and evaluated), and treatment plans to mitigate risks.

The risk register is compiled and is reviewed regularly and as required by the CEO/MD and CFO/Company Secretary and senior management to ensure adequate risk control measures have been identified.

The Board requires management to design and implement the risk management system and internal control processes to manage the Company's material business risks. The Board discusses these policies at regular intervals. Risks are managed in accordance with the risk management system in place and periodically reviewed. Management has reported to the Board on the effectiveness of the Company's management of its material business risks.

The Company does not have an internal audit function due to its relatively small size. Throughout the year, the Board evaluates the risk management system and internal control processes. The evaluation and internal review process includes assessing how well risks are identified and managed, adherence to agreed procedures and the need for updating processes and procedures to implement efficiencies or innovations or improve controls. This internal review process is continuous and intended to ensure that the governance framework is, on an operational level, effective at all times. Further, in accordance with Section 295A of the *Corporations Act 2001*, the Company has received declarations from the CEO/MD and CFO/Company Secretary that a sound system of risk management and internal control is operating effectively in all material respects in relation to financial reporting risks.

The Board requires that each major proposal submitted to the Board for decision is accompanied by sufficient due diligence and risk review.

The Company is unaware of any material exposure to unmanageable economic, environmental and social sustainability risks, noting that due to its small size it does not produce a sustainability report.

Work, Health and Safety

The Company recognises the importance of safety, health and wellbeing of employees, contractors and the community. A healthy workforce contributes to business success and aligns with the Company's aim for zero injuries. The Company encourages safe behaviour and conduct by employees and contractors, establishes a mindset that injuries are preventable, provides safety education and training and conducts safety risk assessments. The Company regularly evaluates and measures its safety and health performance through established internal reporting and external audits where appropriate.

Principle 8: Remunerate fairly and responsibly

People & Remuneration Committee

The People & Remuneration Committee consists of a majority of independent non-executive directors and the Chair is an independent non-executive director. The current members of the People & Remuneration Committee are:

Mr C A Roy – Chair
Ms M K Holzberger
Mr C D Wilks

Details of these Directors' attendance at People & Remuneration Committee meetings are set out in the Directors' Report. The People & Remuneration Committee has its own charter setting out its role and responsibilities, composition, structure, membership requirements and the manner in which the committee is to operate. The Charter is reviewed regularly and is available on the Company's website at: www.silex.com.au/Corporate-Governance Minutes of Committee meetings are tabled at the subsequent Board meeting.

The main responsibilities of the Committee are to assist the Board with respect to remuneration by reviewing and making appropriate recommendations on:

- Remuneration packages of directors and senior executives;
- Employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed;
- The adoption of policies that attract and maintain talented and motivated directors and employees so as to encourage enhanced performance.

The ASX Listing Rules and Constitution require that the maximum aggregate amount of remuneration to be allocated among the non-executive directors be approved by the shareholders in a general meeting. In proposing the maximum amount for consideration by shareholders and in determining the allocation, the People & Remuneration Committee will take into account the time demands made on Directors, the complexity of the Company's affairs and other relevant factors including fees paid to non-executive directors in comparable Australian companies.

The policies and practices regarding remuneration paid to Directors and senior executives are set out in the Remuneration Report, forming part of the Directors' Report.

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Securities Trading Policy

The Company has in place a formal securities trading policy which places certain prohibitions on the trading of the Company's shares or related securities of the Company. The policy is on the Company's website at: www.silex.com.au/Corporate-Governance. All Silex securities dealings by Directors are promptly notified to the Australian Stock Exchange (ASX). All Directors and employees are prohibited from buying and selling Silex shares at any time if they are aware of any material price sensitive information that has not been made available to the public.

Appendix 4G

Key to Disclosures Corporate Governance Council Principles and Recommendations

Introduced 01/07/14 Amended 02/11/15

Name of entity

Silex Systems Limited

ABN / ARBN

69 003 372 067

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.silex.com.au/Corporate-Governance>

The Corporate Governance Statement is accurate and up to date as at 29 August 2019 and has been approved by the board.

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

Date: 29 August 2019

Name of Director or Secretary authorising lodgement: Julie Ducie
Company Secretary



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

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

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

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

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

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

ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ...
PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT			
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at ... 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 http://www.silex.com.au/Corporate-Governance	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u> <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 checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u> <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 checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u> <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 <u>OR</u> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable

Key to Disclosures Corporate Governance Council Principles and Recommendations

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 ...
1.5	<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 <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of our diversity policy or a summary of it:</p> <p><input checked="" type="checkbox"/> at http://www.silex.com.au/Corporate-Governance</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 <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</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 <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></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 checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></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 <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ...	
PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE			
2.1	<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 <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</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 <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></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 <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ...
2.3	A listed entity should disclose: (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 checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at <i>[insert location]</i> ... and, where applicable, the information referred to in paragraph (b): <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at <i>[insert location]</i> ... and the length of service of each director: <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at <i>[insert location]</i>	<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 <u>OR</u> <input type="checkbox"/> at <i>[insert location]</i>	<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u> <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 checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u> <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 checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY			
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	... our code of conduct or a summary of it: <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

Key to Disclosures Corporate Governance Council Principles and Recommendations

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 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING			
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 <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at http://www.silex.com.au/Corporate-Governance</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></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 <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</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 <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
4.3	<p>A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></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>

Key to Disclosures Corporate Governance Council Principles and Recommendations

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 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: <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at <i>[insert location]</i>	<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: <input checked="" type="checkbox"/> at http://www.silex.com.au/Corporate-Governance	<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 checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at <i>[insert location]</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: <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u> <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 <u>OR</u> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

Key to Disclosures Corporate Governance Council Principles and Recommendations

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><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at http://www.silex.com.au/Corporate-Governance</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 <i>[insert location]</i></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 <i>[insert location]</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 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 OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></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 OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Key to Disclosures Corporate Governance Council Principles and Recommendations

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 ...
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 (a):]</p> <p>... how our internal audit function is structured and what role it performs:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></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 <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></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 <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

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PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY			
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 <u>OR</u></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 http://www.silex.com.au/Corporate-Governance</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at [insert location]</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 <u>OR</u></p> <p><input type="checkbox"/> at [insert location]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.2	<p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	<p>... 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 checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at [insert location]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></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 <u>OR</u></p> <p><input type="checkbox"/> at [insert location]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Key to Disclosures Corporate Governance Council Principles and Recommendations

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 ...
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 <i>[insert location]</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 <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>