



CORPORATE GOVERNANCE STATEMENT 2019

This Corporate Governance Statement describes the main corporate governance practices currently in place for CardieX Limited (Formerly AtCor Medical Holdings Limited) (CardieX or Company) and their alignment with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd edition).

Principle 1: Lay Solid Foundation for Management and Oversight

CardieX's Board of Directors has adopted a formal charter that defines the roles and responsibilities of Directors and management. This charter is available on the Company website (www.cardiex.com). During the reporting period all senior executives had a formal assessment of their remuneration and contributions to the Company. An appraisal of Board, sub-committees and individual Director performance was completed in 2016 by an independent 3rd party. The Board has since reviewed its structure and composition during 2018 with several changes made to expand the skillset required to direct the Company.

Appointment of a Director or recommending a candidate to shareholders for appointment of a new Director is taken seriously and the Nomination Committee has been delegated this task. Committee members will consider any application in light of Company needs with specific focus on an applicant's skills, experience, expertise and personal attributes that will enhance board effectiveness; their ability to devote the necessary time and commitment to the Board; and any potential conflicts of interest. Committee members will interview any candidate along with seeking references. An appropriately detailed reference will be provided to shareholders to enable them to make an informed decision as to voting for a recommended candidate. Details of current Directors' skills and expertise are shown on pages 13-14 of the 2019 Annual Report.

All Directors and senior executives have a written agreement with the Company which sets out terms of their appointment. This includes the Company Secretary who is accountable directly to the Board.

Diversity Policy and progress towards gender diversity

The Board does not have a formal diversity policy though all personnel within the organisation are treated with respect and no person is or will be discriminated against either during their employment or through recruitment action, no matter their gender, age, race, religion, cultural background, marital status, sexual orientation or disability. CardieX recognises there is difficulty achieving diversity across all areas of the Company due to the relatively small size of the workforce but considers increased representation by women to be an appropriate outcome. The Board believes a target of 20% or greater representation by women in non-executive Directorships and 20% or greater in senior and other management role within 5 years to be desirable.

CardieX currently has a CEO, two non-executive Directors and 15 employees based across two jurisdictions. This number of people has decreased in 2019 from 19. CardieX has approximately 28% of its workforce as women. One Non-Executive Director resigned during the year.

Gender diversity statistics are as follows:

	No. of Employees	
	Male	Female
Non-executive Directors	2	-
Senior executive officers	1	-
Other managers & employees	15	5
Total employees	18	5

Principle 2: Structure the Board to Add Value

CardieX currently has three Directors, two of whom hold non-executive positions and one (Chief Executive Officer) who holds an executive position. The Directors' name, position, independence status and additional committee duties are outlined in the table below. The Board considers the present complement of three Directors to be appropriate for the size of the Company and therefore casual vacancies will be filled as and when they arise. The combined skill set of the Directors is also appropriate for the stage of Company evolution, with expertise in industry, medical and business management. Individual Directors' experience is outlined in the Directors' Report.

	Director since:	Non-executive	Independent	Sub-Committees	
				Audit & Risk	Remuneration & Nomination
RK Nelson	Nov 2015	Yes	Yes	Chairman	Chairman
N Cairns (Chairman)	Dec 2017	Yes	No	Yes	Yes
C Cooper	Dec 2017	No	No	Yes	No

On resignation of Mr Donal O'Dwyer, the Board is no longer comprised of a majority of independent directors and the Chairman is no longer an independent director. Despite not having a majority of independent directors, the Board considered that the composition was appropriate in light of the Company's operations and the skills and experience that the founding shareholders bring to the Board.

It is the Company's intention to transition to a majority independent Board with an independent Chair as the Company matures.

Charters for each sub-committee may be found on the Company's website.

The Board has produced a skills matrix that defines the desirable attributes for Directors. These are:

1. Corporate strategy and business development – this may include success as a business leader through either Board or executive experience;
2. Medical background – gained through either industry or practice;
3. Capital markets – as a listed entity expertise in capital raising and general investor relations are necessary attributes within the Board, while mergers & acquisitions experience is also desirable.
4. Corporate governance/compliance – Directors need to have an appreciation and understanding of the legal and ethical requirements for a listed entity;
5. Financial acumen – an ability to critique financial performance of the Group;
6. Risk management – experience identifying and managing risk to ensure protection of Company assets, thereby enhancing shareholder value;

7. People – the ability to identify and evaluate senior executives to ensure appropriate skills are being recruited into the Company.

Independence criteria:

A Director will be regarded as independent if that person is a Non-Executive Director and is free from any interest and other business relationship that could materially interfere with that person's ability to act in the best interests of CardieX. Particularly, they must not be or have been:

- a substantial shareholder of CardieX or associated with a substantial shareholder of CardieX;
- an executive of CardieX for the last three years;
- a principal of a material professional advisor or an employee of a material service provider for the last three years;
- a material supplier to or a customer of CardieX or its subsidiaries.

If one of these relationships exists, either directly or through a related party interest, the Board may still consider a Director to be independent however it must clearly state the reasons for this decision in the Annual Report. If the independent status of a Director is lost this will be disclosed to the market immediately.

A substantial shareholding is considered to be more than 5%.

Materiality for these purposes is determined on both quantitative and qualitative bases. An amount of over 5% of annual turnover of the Company or Group or 5% of the individual Directors' net worth is considered material for these purposes. 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.

Directors have access to all Company personnel and CardieX's auditor, and independent professional advice may be sought at CardieX's expense with prior approval of the Chairman of the Board. Due to the size of the Company no formal development program has been established. New Directors will be inducted as for other Company personnel.

Principle 3: Act Ethically and Responsibly

An "CardieX Code of Business Conduct" has been adopted by the Board, a copy of which may be found on the CardieX website.

The Code is intended to provide reasonable assurance that CardieX:

1. complies in all material respects with all federal, state and local laws and regulations that are applicable to its operations;
2. satisfies the terms of its contractual arrangements; detects and deters criminal conduct or other forms of misconduct by Directors, officers, employees, staff, agents, contractors and customers that might expose CardieX to significant civil liability;
3. promotes self-auditing and self-policing, and provides for, in appropriate circumstances, voluntary disclosure of violations of laws and regulations; and
4. establishes, monitors, and enforces high professional and ethical standards.

Principle 4: Safeguard Integrity in Corporate Reporting

An Audit & Risk Committee has been in place for the full reporting period and comprises one independent Director and two non-independent directors, as shown in the table under Principle 2. Despite not having a majority of independent directors, the Company feels the current composition of the Remuneration & Nomination Committee to be appropriate given the current size of the business.

Details of their qualifications and attendance at committee meetings are detailed on pages 13-14 of the Annual Report. The Committee is subject to an Audit & Risk Committee Charter that may be found on the CardieX website.

The Company and Audit Committee policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is considered annually and applications for tender of external audit services will be requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs. BDO was appointed as the external auditor in 2018. 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.

Before signing the annual accounts the Board of Directors requests, and receives a declaration from the CEO and CFO that the accounts have been properly maintained and that they comply with accounting standards and give a true and fair view of the financial position and performance of the group.

Principle 5: Make Timely and Balanced Disclosure

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, media, and the public.

Any information to be disclosed to the ASX is subjected to review and authorisation by at least 2 Directors before its release. This ensures that the information released is accurate.

All information disclosed to the ASX is posted on the CardieX website immediately after it is released to ASX. When analysts are briefed on aspects of the Group's operations the material used in the presentation is released to ASX and posted on the Company's website. Procedures have also been established for reviewing whether any price sensitive information has been inadvertently disclosed and, if this is so, this information is also immediately released to the market.

Principle 6: Respect the Rights of Shareholders

CardieX is active in communicating with its shareholders, including posting all announcements to a separate section of its website. Additionally, shareholders and interested parties may request to receive an email notification when announcements have been posted. Two-way communication is encouraged and enquiries may be directed to CardieX via email, phone or website enquiry via the "Contact us" section on the Company's website. This communication is managed by the Company Secretary.

CardieX has adopted the Corporations Legislation Amendment (Simpler Regulatory System) Bill 2007 that makes the Annual Report available on the Company's website and only provides a printed copy to those members who elect to receive it in this form.

Principle 7: Recognise and Manage Risk

The Audit & Risk Committee has responsibility for overseeing risk management and is governed by a charter that is available on the CardieX website. In addition, Board members receive full reports from all functions within the Company each Board meeting which alert Directors to specific risks and actions taken to mitigate these risks. A Company-wide review of risk is also undertaken periodically and actions taken to mitigate risk where appropriate.

As noted above, the Company only has one independent non-executive director. Consequently, the Audit & Risk Committee does not have an independent majority. The absence of an independent majority on the Audit & Risk Committee is Audit & Risk Committee through the engagement of an independent external accounting firm. The Company's external auditor was appointed in the prior year when an independent majority was present.

A comprehensive quality system is in place that is reviewed regularly by various regulatory bodies from around the world. This quality system places considerable importance on maintaining a strong control environment.

Due to the Company's size no separate internal audit function has been established. Substantive testing is undertaken by external auditors who Directors may contact independently.

CardieX's activities expose it to a variety of financial risks: market risk (primarily currency risk), credit risk, and liquidity risk.

CardieX does not have material exposure from environmental or social sustainability risk.

Principle 8: Remunerate Fairly and Responsibly

CardieX has a Remuneration & Nomination Committee whose membership comprises two non-executive Directors, one of whom is independent.

As noted above, the Company only has one independent non-executive director. Consequently, the Remuneration & Nomination Committee does not have an independent majority. Despite this, the Company feels the current composition of the Remuneration & Nomination Committee to be appropriate given the current size of the business. Where appropriate, external consultants may be engaged to assist in searching for candidates and undertaking relevant checks and to mitigate any independence risks.

A charter has been established and is available on the CardieX website.

The remuneration report on pages 16 – 20 of the 2019 Annual Report discloses the basis on which executive remuneration is determined plus details of current salaries and incentives.

Directors and staff are also subject to a clearly enunciated Share Trading Policy that defines trading windows for Directors, key management personnel and others; and also places restrictions on the types of equity-related transactions that may be entered into. The policy is available on the Company website.