Rules 4.7.3 and 4.10.3[1]

Appendix 4G

Key to Disclosures
Corporate Governance Council Principles and Recommendations

Name of entity:

Paradigm Biopharmaceuticals Limited

ABN / ARBN:

94 169 346 963

Financial year ended:

30 June 2019

Our corporate governance statement[2] for the above period above can be found at:[3]

☐ These pages of our annual report:

☒ This URL on our website: http://www.paradigmbiopharma.com/investors/corporate-governance

The Corporate Governance Statement is accurate and up to date as at 30 August 2019 and has been approved by the board.

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

Paul Re

Date: 30 August 2019

Name of Director authorising lodgement:
Paul Rennie

[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 …[4]
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: ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*] … 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): ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ 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: ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ 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: ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ 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: ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable

[4] 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 …[4]
1.5	A listed entity should: (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (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: (1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.	… the fact that we have a diversity policy that complies with paragraph (a): ☐ in our Corporate Governance Statement **OR** ☐ at [*insert location*] … and a copy of our diversity policy or a summary of it: ☐ at http://www.paradigmbiopharma.com/investors/corporate-governance … 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: ☐ in our Corporate Governance Statement **OR** ☐ at [*insert location*] … and the information referred to in paragraphs (c)(1) or (2): ☐ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☒ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.6	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	… the evaluation process referred to in paragraph (a): ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*] … and the information referred to in paragraph (b): ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.7	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	… the evaluation process referred to in paragraph (a): ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*] … and the information referred to in paragraph (b): ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed …	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed …[4]
PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE			
2.1	The board of a listed entity should: (a) have a nomination committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (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.	[If the entity complies with paragraph (a):] … the fact that we have a nomination committee that complies with paragraphs (1) and (2): ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*] … and a copy of the charter of the committee: ☒ at http://www.paradigmbiopharma.com/investors/corporate-governance … and the information referred to in paragraphs (4) and (5): ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*] [If the entity complies with paragraph (b):] … 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: ☐ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	… our board skills matrix: ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed …	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed …[4]
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: ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*] … and, where applicable, the information referred to in paragraph (b): ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*] … and the length of service of each director: ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ 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: ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ 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: ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ 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: ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ 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: ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ 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 …[4]
PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING			
4.1	The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (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.	[If the entity complies with paragraph (a):] … the fact that we have an audit committee that complies with paragraphs (1) and (2): ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*] … and a copy of the charter of the committee: ☒ at http://www.paradigmbiopharma.com/investors/corporate-governance … and the information referred to in paragraphs (4) and (5): ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*] [If the entity complies with paragraph (b):] … 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: ☐ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	… the fact that we follow this recommendation: ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ 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 …[4]
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: ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity that does not hold an annual general meeting and this recommendation is therefore not applicable
PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE			
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	… our continuous disclosure compliance policy or a summary of it: ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement
PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	… information about us and our governance on our website: ☒ at http://www.paradigmbiopharma.com/about-us and http://www.paradigmbiopharma.com/investors/corporate-governance	☐ an explanation why that is so in our Corporate Governance Statement
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	… the fact that we follow this recommendation: ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	… our policies and processes for facilitating and encouraging participation at meetings of security holders: ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity that does not hold periodic meetings of security holders and this recommendation is therefore not applicable
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	… the fact that we follow this recommendation: ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ 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 …[4]
PRINCIPLE 7 – RECOGNISE AND MANAGE RISK			
7.1	The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (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.	[If the entity complies with paragraph (a):] … the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2): ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*] … and a copy of the charter of the committee: ☒ at http://www.paradigmbiopharma.com/investors/corporate-governance … and the information referred to in paragraphs (4) and (5): ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*] [If the entity complies with paragraph (b):] … 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: ☐ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement
7.2	The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	… 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: ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*] … and that such a review has taken place in the reporting period covered by this Appendix 4G: ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ 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 …[4]
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (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.	[If the entity complies with paragraph (a):] … how our internal audit function is structured and what role it performs: ☐ in our Corporate Governance Statement **OR** ☐ at [*insert location*] [If the entity complies with paragraph (b):] … the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes: ☐ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☒ an explanation why that is so in our Corporate Governance Statement
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	… 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: ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ 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 …[4]
PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY			
8.1	The board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (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.	[If the entity complies with paragraph (a):] … the fact that we have a remuneration committee that complies with paragraphs (1) and (2): ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*] … and a copy of the charter of the committee: ☒ at http://www.paradigmbiopharma.com/investors/corporate-governance … and the information referred to in paragraphs (4) and (5): ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*] [If the entity complies with paragraph (b):] … 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: ☐ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
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.	… separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives: ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed …	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed …[4]
8.3	A listed entity which has an equity-based remuneration scheme should: (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 (b) disclose that policy or a summary of it.	… our policy on this issue or a summary of it: ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES			
-	*Alternative to Recommendation 1.1 for externally managed listed entities:* The responsible entity of an externally managed listed entity should disclose: (a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity; (b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.	… the information referred to in paragraphs (a) and (b): ☐ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement
-	*Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:* An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.	… the terms governing our remuneration as manager of the entity: ☐ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement

Corporate Governance Statement

The Board and management of Paradigm Biopharmaceuticals Limited (Consolidated Entity) are committed to conducting the business of the Consolidated Entity in an ethical manner and in accordance with the highest standards of corporate governance. The Consolidated Entity has adopted and has substantially complied with the ASX Corporate Governance Principles and Recommendations (Third Edition) to the extent appropriate to the size and nature of the Consolidated Entity's operations. This Corporate Governance Statement is accurate and up to date as at 30 June 2019 and has been approved by the Board on 30 August 2019.

Principle 1 - Lay solid foundations for management and oversight

Responsibilities and functions of the Board and Management

The Board of Paradigm Biopharmaceuticals Limited (**Consolidated Entity**) maintains the following responsibilities and functions:

- setting overall goals for the Consolidated Entity;
- approving strategies, objectives and plans for the Consolidated Entity's businesses to achieve these goals;
- ensuring that business risks are identified and approving systems and controls to manage those risks and monitor compliance;
- approving the Consolidated Entity's major human resources policies and overseeing the development strategies for senior and high performing executives;
- approving financial plans and annual budgets;
- monitoring executive management and business performance in the implementation and achievement of strategic and business objectives;
- approving key management recommendations (such as major capital expenditure, acquisitions, divestments, restructuring and funding);
- appointing and removing the Managing Director and ratifying the appointment and removal of executives reporting directly to the Managing Director (senior executives);
- reporting to shareholders on the Consolidated Entity's strategic direction and performance including constructive engagement in the development, execution and modification of the Consolidated Entity's strategies;
- overseeing the management of occupational health and safety and environmental performance;
- determining that satisfactory arrangements are in place for auditing the Consolidated Entity's financial affairs;
- meeting statutory and regulatory requirements and overseeing the way in which the business risks and the assets of the Consolidated Entity are managed.

The Board has delegated the day-to-day management of the Consolidated Entity to the Managing Director, CEO and other senior executives (**Management**). The Consolidated Entity's Management is responsible for the following:

- implementing the strategic objectives set by the Board;
- operating within the risk parameters set by the Board;
- operational and business management of the Consolidated Entity;
- managing the Consolidated Entity's reputation and operating performance in accordance parameters set by the Board;
- day-to-day running of the Consolidated Entity;
- providing the Board with accurate, timely and clear information to enable the Board to perform its responsibilities; and
- approving capital expenditure (except acquisitions) within delegated authority levels.

Senior executives have their roles and responsibilities defined in specific position descriptions.

Director Appointment and Election

Before appointing a Director, or putting forward to shareholders a Director for appointment, the Consolidated Entity undertakes comprehensive reference checks that cover elements such as the person's character, experience, employment history, qualifications, criminal history, bankruptcy history, and disqualified officer status.

An election of Directors is held each year. A Director that has been appointed during the year must stand for election at the next Annual General Meeting (**AGM**). No Director except the Managing Director may hold office for a period in excess of 3 years, or beyond the third annual general meeting (**AGM**) following the Director's election, whichever

is the longer, without submitting himself or herself for re-election. One third of all Directors, except the Managing Director, will retire by rotation each year but may offer themselves for re-election for a further 3-year period.

The Consolidated Entity provides to shareholders for their consideration information about each candidate standing for election or re-election as a Director that the Board considers necessary for shareholders to make a fully informed decision. Such information includes the person's biography, which include experience and qualifications, details of other directorships, adverse information about the person that the Board is aware of including material that may affect the person's ability to act independently on matters before the Board, and whether the Board supports the appointment or re-election.

The terms of the appointment of a non-executive Director are set out in writing and cover matters such as the term of appointment, time commitment envisaged, required committee work and other special duties, requirements to disclose their relevant interests which may affect independence, corporate policies and procedures, indemnities, and remuneration entitlements.

Executive Directors and senior executives are issued with service contracts which detail the above matters as well as the person or body to whom they report, the circumstances in which their service may be terminated (with or without notice), and any entitlements upon termination.

Company Secretary

The Company Secretary reports directly to the Board through the Chairman and is accessible to all Directors. The Company Secretary's role, in respect of matters relating to the proper functioning of the Board, includes:

- advising the Board and its Committees on governance matters;
- monitoring compliance of the Board and associated committees with policies and procedures;
- coordinating all Board business;
- retaining independent professional advisors;
- ensuring that the business at Board and committee meetings is accurately captured in the minutes; and
- helping to organise and facilitate the induction and professional development of Directors.

Diversity Policy

The Company is committed to providing a safe working environment and equal employment opportunities for all Directors, executives and employees at all levels within the Company. Whilst the Company is not subject to the provisions of The Workplace Gender Equality Act, in that it employs less than 100 employees, it does recognise the importance of diversity within the workplace.

The diversity policy aims to provide a work environment where employees have equal access to career opportunities, training and benefits. It also aims to ensure that employees are treated with fairness and respect, and are not judged by unlawful or irrelevant reference to gender, age, ethnicity, race, cultural background, disability, religion, sexual orientation or caring responsibilities. This commitment enables the Consolidated Entity to attract and retain employees with the best skills and abilities.

The Company is a small business enterprise with less than 30 personnel overall (inclusive of the Board). None-the-less, the Company has successfully employed a number of women to management roles in recent years. Whilst the Company does not comply with Recommendation 1.5 fully, it none-the-less applies many of the core principles through its Code of Conduct provisions.

Performance Assessment

The Board reviews its performance annually, as well as the performance of individual Committees and individual Directors (including the performance of the Chairman as Chairman of the Board). The use of an external facilitator may be utilised periodically to assist in the review process. The review for the current financial year ended on 30 June 2019 are performed by the Chairman. The process includes collective Board discussions to capture observations for where improvements could be made and where processes worked well, individual interviews with

each Director conducted by the Chairman, and provision of anonymous feedback collected from individual Board members. The review of the Chairman's role is conducted by the Chair of the Audit and Risk Committee after obtaining feedback from each individual Director.

The Board conducts an annual performance assessment of the CEO against agreed performance measures determined at the start of the year. The CEO undertakes the same assessments of senior executives. In assessing

the performance of the individual, the review includes consideration of the senior executive's function, individual targets, group targets, and the overall performance of the Consolidated Entity.

The CEO provides a report to the Board on the performance of senior executives together with remuneration recommendations which must be approved by the Board after consultation with the Nomination and Remuneration Committee. The review of senior executives in accordance with this process are undertaken for financial year ended 30 June 2019.

Principle 2 - Structure the board to add value

Nomination and Remuneration Committee

The Board maintains a combined Nomination and Remuneration Committee, whose members during the financial year were as follows:

Names	Position	Independence status
Graeme Kaufman	Chairman & Non-Executive Director	Yes
Paul Rennie	Managing and Executive Director	No
Christopher Fullerton	Non-Executive Director	Yes
John Gaffney	Non-Executive Director	Yes

During the period ended 30 June 2019, the Consolidated Entity complies with the ASX recommendation to have a Nomination and Remuneration Committee with a majority of independent Directors.

The Nomination and Remuneration Committee met once during the year.

Skills Matrix

The Board regularly evaluates the mix of its skills, experience and diversity. The Board considers that collectively its Directors have a level of skill, knowledge and experience that enables the Board to effectively discharge its responsibilities and duties (including the activities and industries outlined below). The mix of skills the Board is seeking to maintain, and to build upon, includes:

- Finance and Tax (e.g. financial management capability including accounting or related financial management qualifications);
- Research and development;
- Executive leadership;
- Pharmaceutical and Medical Devices;
- Biomedical science;
- Risk management understanding and experience;
- Commercial acumen;
- Product development; and
- Strategic capabilities.

The particular skills each Director brings to the Board are set out in the Annual Report

The Consolidated Entity does not have a formal induction or professional development program for Directors. To date, such programs have been considered unnecessary as the current Board has satisfactory experience and skill set.

Consideration will be given to implementing such programs should it be proposed that any new Directors join the Board.

Composition of the Board

The Board assesses annually the independence of each Director to ensure that those designated as independent do not have any alliance to the interests of Management, substantial shareholders or other relevant stakeholders. They must be free of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect, their capacity to bring an independent judgment to bear on issues before the Board and to act in the best interests of the Consolidated Entity and its security holders generally.

Details of the Board of Directors, their appointment dates, and independence status is as follows:

Names	Position	Independence status	Tenure
Graeme Kaufman	Chairman & Non-Executive Director	Yes	02 May 2014 to current
Paul Rennie	Managing and Executive Director	No	02 May 2014 to current
Christopher Fullerton	Non-Executive Director	Yes	30 September 2014 to current
John Gaffney	Non-Executive Director	Yes	30 September 2014 to current

Graeme Kaufman is Non-Executive Chair of the Board and is considered to be an independent Director of the Consolidated Entity.

Paul Rennie is the Managing Director and Chief Executive Officer.

Principle 3 - Act ethically and responsibly

Code of Conduct

The Consolidated Entity maintains a code of conduct for its Directors, senior executives and employees. In summary, the code requires the following of each relevant person:

- act honestly, in good faith and in the best interests of the Consolidated Entity as a whole;
- exercise a duty to use care and diligence in fulfilling the functions of office or position and exercising the powers attached to that office or position;
- use the powers of office for a proper purpose and in the best interests of the Consolidated Entity as a whole;
- recognise that the primary responsibility is to the Consolidated Entity as a whole but may, where appropriate, have regard for the interest of other stakeholders of the Consolidated Entity;
- not to make improper use of information acquired as a Director or employee;
- not take improper advantage of their position as a member of the Board or employee;
- properly manage and declare any conflict of interest with the Consolidated Entity;
- Directors to be independent in judgement and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken by the Board;
- confidential information received in the course of the exercise of their duties remains the property of the Consolidated Entity and, unless appropriate authority granted, it is improper to disclose it, or allow it to be disclosed;
- not to engage in conduct likely to affect the reputation of Consolidated Entity; and
- to comply with the spirit, as well as the letter, of the law and with the principles of this Code.

Principle 4 - Safeguard integrity in corporate reporting

Audit and Risk Committee

The Board has an Audit and Risk Committee consisting of 3 independent Directors of the Board. At the date of this Corporate Governance Statement, it comprises Christopher Fullerton, John Gaffney and Graeme Kaufman.

Details of each member's qualifications and experience is detailed in the 'Directors' Report" section of the Consolidated Entity's annual report.

The Charter of the Committee is available at the Consolidated Entity's website. It provides details in relation to its role, confers on it all necessary powers to perform that role, and explains how the Committee achieves its main objectives, which are to carry out the following functions:

- reporting of financial information to users of financial reports, in particular the quality and reliability of such information;
- assessing the consistency of disclosures in the Financial Statements with other disclosures made by the Consolidated Entity to the financial markets, governmental and other public bodies;
- review and application of accounting policies;
- financial management;

- review of internal and external audit reports to ensure that where weaknesses in controls or procedures have been identified, appropriate and prompt remedial action is taken by management;
- evaluation of the Consolidated Entity's compliance and risk management structure and procedures, internal controls and ethical standards;
- review of business policies and practices;
- conduct of any investigation relating to financial matters, records or accounts, and reporting those matters to the Board;
- protection of the Consolidated Entity's assets;
- compliance with applicable laws, regulations, standards and best practice guidelines; and
- review of the Consolidated Entity's corporate governance policy.

Financial Reporting

In relation to the Financial Statements for the financial year ended 30 June 2019 and the period ended 31 December 2018, the Consolidated Entity's CEO and CFO have provided the Board with declarations, that in their option:

- the financial records of the Consolidated Entity have been properly maintained;
- the Financial Statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Consolidated Entity; and
- has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

External Auditor

The engagement partner for the Consolidated Entity's audit attends the AGM and is available to answer shareholder questions from shareholders relevant to the audit.

Principle 5 - Make timely balanced disclosure

Listing Rule 3.1 requires a listed entity, subject to certain exceptions, to disclose to ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of its securities. The Consolidated Entity is committed to providing the market with complete and timely information about disclosure events in compliance with its continuous disclosure obligations and the Corporations Act 2001.

The Consolidated Entity maintains a written policy that outlines the responsibilities relating to the Directors officers and employees in complying with the Consolidated Entity's disclosure obligations. Where any such person is of any doubt as to whether they possess information that could be classified as market sensitive, they are required to notify the Company Secretary immediately, in the first instance, so that appropriate analysis and internal consultation can be conducted. Legal advice may also be sought internally or from the Consolidated Entity's external counsel.

The Company Secretary is required to consult with the CEO in relation to matters brought to his or her attention, if the Chairman is not contactable. The Company Secretary may decide whether an announcement is made, or whether a trading halt is warranted.

Generally, the CEO is ultimately responsible for decisions relating to the making of market announcements. The Company Secretary is responsible for ensuring that the Board is aware of items of business that could result in an announcement. The Board is required to authorise announcements of significance to the Consolidated Entity such as significant acquisitions, disposals and closures, material profit upgrades or downgrades, dividend declarations and buybacks, and any other transaction flagged by the Chairman as being fundamentally significant.

The Company Secretary is responsible for advising when announcements are not required due to either circumstances such as where the information relates to matters of supposition or is insufficiently definite, it concerns

an incomplete proposal or negotiation, the information is confidential or would represent a breach of law if disclosed, and where a reasonable person would not expect the disclosure of the information.

No member of the Consolidated Entity shall disclose market sensitive information to any person unless they have received acknowledgement from the ASX that the information has been released to the market.

Principle 6 - Respect the rights of security shareholders

The Consolidated Entity maintains information in relation to governance documents, Directors and senior executives, Board and committee charters, annual reports, ASX announcements and contact details on the Consolidated Entity's website.

In order for the investors to gain a greater understanding of the Consolidated Entity's business, governance practices, financial performance and future prospects, the Consolidated Entity schedules interactions during the year where it engages with institutional and private investors, analysts and the financial media.

Meetings and discussions with analysts must be approved by the CEO and are generally conducted by the CEO/ Managing Director. The discussions are restricted to explanations of information already within the market or which deal with non-price sensitive information. These meetings are not held within a four week blackout period in advance of the release of interim or full-year results.

Shareholder Participation and Correspondence

The Consolidated Entity encourages shareholders to attend the Consolidated Entity's AGM and to send in questions prior to the AGM so that they may be responded to during the meeting. It also encourages ad hoc enquiry via email which are responded to.

The 2019 Notice of AGM will be provided to all shareholders and made available on the Consolidated Entity's website.

The external auditor is required to attend the AGM of the Consolidated Entity and is available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

The Consolidated Entity engages its share registry to manage the majority of communications with shareholders.

Shareholders are encouraged to receive correspondence from the Consolidated Entity electronically, thereby facilitating a more effective, efficient and environmentally friendly communication mechanism with shareholders.

Committee made up of at least three members, all of whom are Non-Executive Directors and a majority of whom are independent Directors.

Principle 7 - Recognise and Manage Risk

The Board maintains a combined Audit and Risk Committee. The members of the Committee are detailed in Principle 4 above. The Committee is made up of at least three members, all of whom are Non-Executive Directors and a majority of whom are independent Directors.

The Charter of the Committee is available at the Consolidated Entity's website. The charter outlines the Committee's responsibilities which include procedures for general risk oversight and monitoring, internal control and risk management, risk transfer and insurance and other responsibilities. The key aspects of the charter follow.

The Committee assists the Board by providing independent and objective review, advice and assistance in developing Board policy and monitoring corporate activity within the scope of its remit, making recommendations to the Board for resolution, and assisting the Board understand risks which may:

- impede the Consolidated Entity from achieving its goals and objectives;
- impact on the Consolidated Entity's performance;
- affect the health, safety or welfare of employees, visitors and others in relation to the Consolidated Entity's operations;
- threaten compliance with the Consolidated Entity's regulatory and legal obligations;
- impact on the community and the environment in which the Consolidated Entity operates;
- impact on the Consolidated Entity's reputation, or that of its people; and
- result in personal liability for Consolidated Entity officers arising from the Consolidated Entity's operations.

Its responsibilities include review of the following elements:

- Consolidated Entity risk appetite and risk tolerance, as determined by the Board across the Consolidated Entity and within specific operational segments;
- the likelihood of occurrence, severity of impact, and any mitigating measures affecting those risks;

- responsibility for risk oversight and management of specific risks to ensure a common understanding of accountabilities and roles;
- procedures for periodic and critical reporting of matters to the Board and the risk committee;
- communication of risk management policies and strategies throughout the Consolidated Entity to ensure it is embedded as part of the Consolidated Entity's corporate culture;
- internal communication and control systems to encourage the timely flow of risk-related information to personnel;
- reports from management, external auditors, internal auditors, legal counsel, regulators, and consultants as appropriate, regarding risks the Consolidated Entity faces and the Consolidated Entity's Management of those risks;
- assessment of the internal processes for determining and managing key risk areas, with particular focus on compliance with laws, regulations, standards and best practice guidelines, important judgments and accounting estimates, litigation and claims, and fraud and theft;
- assessment of effectiveness of the internal controls, risk management and performance management systems after consultation with Management and the internal and external auditors;
- assessment of effectiveness of, and compliance with, the corporate code of ethical conduct and compliance with internal plans, policies and procedures;
- obtaining regular updates from Management and Consolidated Entity lawyers about compliance matters;
- ensuring the chief executive officer (or equivalent) and the chief financial officer (or equivalent) are reasonably able to state that their declarations under section 295A of the Corporations Act 2001 relating to Financial Statements and reports of the Consolidated Entity are 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 the financial reporting risks;
- how certain risks of the Consolidated Entity have been mitigated by risk transfer strategies;
- the scope, adequacy and cost of the Consolidated Entity's insurance arrangements;
- ensure appropriate corporate governance is in place within the scope of its remit; and
- confirm annually that all responsibilities outlined in this charter have been carried out.

The Audit and Risk Committee reviews the Consolidated Entity's risk management framework at least annually to ensure that it is still suitable to the Consolidated Entity's operations and objectives and that the Consolidated Entity is operating within the risk parameters set by the Board. A review is undertaken for the year ended 30 June 2019.

Internal Audit

The Consolidated Entity's operations do not warrant an internal audit function.

External Audit

The Board and management need to ensure that the statutory auditor is both independent and seen to be independent. The purpose of an independent statutory audit is to provide shareholders and investors with reliable and clear financial reports on which to base investment decisions.

Economic, Environmental and Social Sustainability Risks

The Consolidated Entity has no material exposure to environmental or social sustainability risks.

As the Consolidated Entity's main activity is clinically developing its lead product, it still operates at clinical trial levels. Accordingly, the Board is of the view that the Consolidated Entity, as with other companies at such a stage of development, is subject to exposure for economic sustainability, including the risk that its clinical trials may not be successful or become too expensive to conclude.

The Directors believe that the Consolidated Entity has adequate systems in place to monitor the costs, risks and progress of its trials to manage those economic sustainability risks as they apply to the Consolidated Entity. For further information on the Consolidated Entity's risk management framework, refer to the above Principle 7 responses.

Principle 8 - Remunerate fairly and responsibly

The Board maintains a combined Nomination and Remuneration Committee. The members of the Committee are detailed in the Principle 2 commentary above. The Consolidated Entity complies with the ASX recommendation to have a Nomination and Remuneration Committee with a majority of independent Directors. The independence of the Nomination and Remuneration Committee is subject to continual evaluation.

Details of the qualifications and experience of the members of the Committee are found in the Directors' report within the annual report.

The Remuneration Committee oversees remuneration policy and monitors remuneration outcomes to promote the interests of shareholders by rewarding, motivating and retaining employees.

The Charter of the Committee is available at the Consolidated Entity's website. The Committee's charter sets out the roles and responsibilities, composition and structure of the Committee.

In summary, the charter provides for the committee to monitor and advise upon the following matters:

- the Consolidated Entity's remuneration structure including long-term incentives and superannuation arrangements;
- remuneration and incentives of the Board, CEO and Company Secretary;
- performance and remuneration of senior management;
- remuneration strategies, practices and disclosures generally;
- workplace health and safety;
- workplace diversity;
- employee share payment plans;
- recruitment, retention and termination strategies;
- management succession, capability and talent development; and
- the Remuneration Report, contained within the Directors' report.

When considered necessary, the Committee may obtain external advice from independent consultants in determining the Consolidated Entity's remuneration practices including remuneration levels.

Remuneration of Non-Executive Directors is determined in maximum aggregate by the shareholders, and is allocated by the Board on the recommendation of the Remuneration Committee.

Executive Directors and other senior executives are remunerated using combinations of fixed and performance based remuneration. Fees and salaries are set at levels reflecting market rates having regard to the individual's performance and responsibilities. Performance based remuneration is linked directly to specific performance targets that are aligned to both short and long-term objectives. Share options and rights are aligned to longer term performance hurdles. Termination payments are detailed in individual contracts and payable on early termination with the exclusion of termination in the event of misconduct.

Further details in relation to the Consolidated Entity's remuneration policies are contained in the Remuneration Report, within the Directors' report.

Employee Share Plan

The Consolidated Entity has an employee share plan with accompanying limited recourse loan made available to certain employees. Details of this plan can be found in the Consolidated Entity's annual report.