

# ResApp Health Limited

## Corporate Governance Statement

The Board is responsible for establishing the Company's corporate governance framework, the key features of which are set out below. In establishing its corporate governance framework, the Board has referred to the 3rd edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

In accordance with ASX Listing Rule 4.10.3, the corporate governance statement discloses the extent to which the Company follows the recommendations. The Company will follow each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices will follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. In compliance with the "if not, why not" reporting regime, where, after due consideration, the Company's corporate governance practices will not follow a recommendation, the Board has explained its reasons for not following the recommendation and disclosed what, if any, alternative practices the Company will adopt instead of those in the recommendation.

This corporate governance statement is current as of 28 August 2019 and has been approved by the Board.

### Other Governance-related Documents

The following governance-related documents can be found on the Company's website at [www.resapphealth.com.au](http://www.resapphealth.com.au), under the section marked "Corporate Governance":

- (a) Board Charter;
- (b) Board Performance Evaluation Policy;
- (c) Code of Conduct;
- (d) Audit Charter;
- (e) Remuneration and Nomination Charter;
- (f) Security Trading Policy;
- (g) Continuous Disclosure Policy;
- (h) Shareholder Communications Policy;
- (i) Risk Management Policy; and
- (j) Diversity Policy.

### Principle 1: Lay solid foundations for management and oversight

#### *Recommendation 1.1*

The Company has established the respective roles and responsibilities of its Board and management, and those matters expressly reserved to the Board and those delegated to management, and has documented this in its Board Charter.

The responsibilities of the Board include but are not limited to:

- (a) setting and reviewing the strategic direction of the Company;
- (b) overseeing implementation of the Company's strategic objectives;
- (c) approving operating budgets;
- (d) reviewing financial and operational performance of the Company;
- (e) reviewing the principal business risks and reviewing risk management strategies;
- (f) considering and reviewing significant capital investments by the Company and material transactions;
- (g) monitoring the management processes that support the integrity of financial and other reporting by the Company;
- (h) selecting and appointing suitable Executive Directors and determining their remuneration;
- (i) developing and reviewing corporate governance policies.

The Board has delegated responsibility for the business operations of the Company to the Managing Director and the management team. The management team, led by the Managing Director, is accountable to the Board.

#### ***Recommendation 1.2***

The Company undertakes appropriate checks before appointing a person, or putting forward to shareholders a candidate for election as a director (including checks regarding the person's experience, education, disqualification from holding certain offices, criminal record and bankruptcy history) and provides shareholders with all material information in its possession relevant to a decision on whether or not to elect a director.

#### ***Recommendation 1.3***

The Company has a written agreement with each of the Directors and senior executives setting out the terms of their appointment. The material terms of any employment, service or consultancy agreement the Company, or any of its child entities, has entered into with its Managing Director, any of its Directors, and any other person or entity who is a related party of the Managing Director or any of its Directors, will be disclosed in accordance with ASX Listing Rule 3.16.4 (taking into consideration the exclusions from disclosure outlined in that rule).

#### ***Recommendation 1.4***

The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board. The Company Secretary supports the effectiveness of the Board by:

- (a) ensuring a good flow of information between the members of the Board and its committees;
- (b) monitoring policies and procedures of the Board;
- (c) advising the Board on corporate governance matters; and
- (d) timely preparation and despatch of Board agendas, briefing papers and minutes.

### ***Recommendation 1.5***

The Company has a Diversity Policy, the purpose of which is:

- (a) to outline the Company's commitment to creating a corporate culture that embraces diversity and, in particular, focuses on the composition of its Board and senior management; and
- (b) to provide a process for the Board to determine measurable objectives and procedures which the Company will implement and report against to achieve its diversity goals.

The Board intends to set measurable objectives for achieving diversity, specifically including gender diversity and will review and report on the effectiveness and relevance of these measurable objectives. However, due to the current size of the Board and management, these measurable objectives have not yet been set.

### ***Recommendation 1.6***

The Chair will be responsible for evaluating the performance of the Board, Board committees and individual Directors in accordance with the process disclosed in the Company's Board Performance Evaluation Policy.

This policy assists the Board to determine whether:

- (a) individual Directors and the Board as a whole work efficiently and effectively in achieving their functions; and
- (b) committees to which the Board has delegated responsibilities are performing efficiently and effectively in accordance with the duties and responsibilities set out in the board charter.

This policy will be reviewed periodically by the Board.

During the reporting period, an evaluation of the Board, its committees and individual Directors has taken place in accordance with the Company's policy.

### ***Recommendation 1.7***

The Managing Director will be responsible for evaluating the performance of the Company's senior executives in accordance with the Company's process for performance evaluations, which is currently being developed by the Board.

The Chair will be responsible for evaluating the performance of the Company's Managing Director in accordance with the Company's process for performance evaluations, which is currently being developed by the Board.

During the reporting period, an evaluation of the performance of the Managing Director was undertaken.

## **Principle 2: Structure the board to add value**

### ***Recommendation 2.1***

Due to the size of the Board, the Company does not have a separate nomination committee. The roles and responsibilities that would usually be performed by a nomination committee are currently undertaken by the Board.

The duties of the Board in respect of the nomination of Directors and the composition of the Board are set out in the Company's Remuneration and Nomination Charter, which is available on the Company's website.

When the Board meets it carries out those functions which are set out in the Remuneration and Nomination Charter. Items relating to the nomination of Directors and the composition of the Board are marked as separate agenda items at Board meetings when required.

When a separate nomination committee is formed, the role, composition, functions and responsibilities of the nomination committee will be as set out in the Remuneration and Nomination Charter.

### ***Recommendation 2.2***

The Board seeks to have the appropriate mix of skills, knowledge and experience to guide the Company and assist management achieve the strategic objectives set by the Board.

As part of this process the Board has prepared and considered a board skills matrix. It looks at the current skills and diversity of the Board and its needs in the future. The Board considers there is currently an appropriate mix of skills, diversity and experience on the Board, taking into account the size of the Company and the nature of its operations.

The mix of skills and experience in the current Board, and that the Board would look to maintain, and build on, includes:

1. Management and Leadership:
  - Senior management positions held outside the Company
  - Directorships of listed companies other than the Company
2. Strategy and Strategic Planning
  - Capital markets/funding
  - Investor relations
3. Medical Devices
  - Clinical development
  - Tertiary science/biotechnology background
  - Regulatory strategy
  - Marketing
  - Business development
4. Governance
  - Legal and risk
  - Compliance
5. Finance
  - Financial Acumen

As set out in the Board charter, in selecting any new directors, the Board will select a candidate with the appropriate range of skills, experience, and expertise that will best complement Board effectiveness.

The Board will continue to monitor and update the skills matrix periodically so that as the Company develops the Board has the appropriate mix of skills and experience.

The Board recognizes the importance of succession and renewal. It continues to monitor the Board composition accordingly.

### ***Recommendation 2.3***

The Board considers the independence of Directors having regard to the relationships listed in Box 2.3 of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

Currently the Board is structured as follows:

- (a) Dr Roger Aston (Chairman);
- (b) Dr Anthony Keating (Managing Director and CEO);
- (c) Mr Nathan Buzza (Non-executive Director); and
- (d) Mr Chris Ntoumenopoulos (Non-executive Director).

Dr Keating and Dr Aston were appointed to the Board on 2 July 2015. Dr Keating is an executive director of the Company and is therefore a non-independent director. Dr Aston is an independent, non-executive Chairman of the Board. Mr Ntoumenopoulos is an independent director who was appointed to the Board on 21 January 2015. Mr Buzza is an independent director who was appointed on 29 December 2017.

### ***Recommendation 2.4***

The Board has a majority of independent directors.

### ***Recommendation 2.5***

Dr Aston is an independent Chairman of the Board.

### ***Recommendation 2.6***

It is a policy of the Company that new Directors undergo an induction process in which they are given a full briefing on the Company. Where possible this includes meetings with key executives, tours of the premises, an induction package and presentations. In order to achieve continuing improvement in Board performance, all Directors are encouraged to undergo continual professional development.

## **Principle 3: Act ethically and responsibly**

### ***Recommendation 3.1***

The Company is committed to promoting good corporate conduct grounded by strong ethics and responsibility. The Company has established a Code of Conduct (**Code**), which addresses matters relevant to the Company's legal and ethical obligations to its stakeholders. The Code is disclosed on the Company's website.

The Code applies to all Directors, officers, employees and contractors of the Company.

The Code will be reviewed periodically by the Board.

## **Principle 4: Safeguard integrity in corporate reporting**

### ***Recommendation 4.1***

Due to the size of the Board, the Company does not have a separate audit committee. The roles and responsibilities of an audit committee are undertaken by the Board. The Board is responsible for reviewing the integrity of the Company's financial reporting and overseeing the independence of the external auditors. The duties of the Board in respect of financial reporting are set out in the Company's Audit Charter, which is available on the Company's website.

When the Board meets it carries out those functions which are set out in the Company's Audit Charter. Items relating to financial reporting are marked as separate agenda items at Board meetings when required.

The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises. Candidates for the position of external auditor must demonstrate complete independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Board. The current policy is that the external audit engagement partner rotates every five years.

When a separate audit committee is formed, the role, composition, functions and responsibilities of the audit committee will be as set out in the Audit Charter.

### ***Recommendation 4.2***

Before the Board approves the Company financial statements for each financial period it will receive from the Managing Director a declaration that, in their opinion, the financial records of the Company for the relevant financial period have been properly maintained and that the financial statements for the relevant financial period comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and that the opinion has been formed on the basis of a sound system of risk management and internal control, which is operating effectively.

### ***Recommendation 4.3***

Under section 250RA of the Corporations Act, the Company's auditor is required to attend the Company's annual general meeting at which the audit report is considered, or to arrange to be represented by a person who is a suitably qualified member of the audit team that conducted the audit and is in a position to answer questions about the audit. The Company will ensure that its auditor attends its AGM and is available to answer questions from shareholders relevant to the audit.

## **Principle 5: Make timely and balanced disclosure**

### ***Recommendation 5.1***

The Company is committed to:

- (a) ensuring that shareholders and the market are provided with full and timely information about its activities;
- (b) complying with the continuous disclosure obligations contained in the Listing Rules and the applicable sections of the Corporations Act; and
- (c) providing equal opportunity for all stakeholders to receive externally available information issued by the Company in a timely manner.

The Company has adopted a Continuous Disclosure Policy, which is disclosed on the Company's website. The Continuous Disclosure Policy sets out policies and procedures for the Company's compliance with its continuous disclosure obligations under the ASX Listing Rules, and addresses financial markets communication, media contact and continuous disclosure issues. It forms part of the Company's corporate policies and procedures and is available to all staff.

The Company Secretary manages the policy. The policy will develop over time as the law and ASX Listing Rules change and the Company Secretary will be responsible for communicating any amendments. This policy will be reviewed by the Board annually.

## **Principle 6: Respect the rights of security holders**

### ***Recommendation 6.1***

The Company provides information about itself and its governance to investors via its website at [www.resapphealth.com.au](http://www.resapphealth.com.au). The Company is committed to maintaining a Company website with general information about the Company and its operations and information specifically targeted at keeping the Company's shareholders informed about the Company. In particular, where appropriate, after confirmation of receipt by ASX, the following will be posted to the Company website:

- (a) relevant announcements made to the market via ASX;
- (b) media releases;
- (c) investment updates;
- (d) Company presentations and media briefings;
- (e) copies of press releases and announcements; and
- (f) copies of annual and half yearly reports including financial statements.

### ***Recommendation 6.2***

The Company has a Shareholder Communications Policy which aims to keep Shareholders informed of all major developments of the Company. The policy is disclosed on the Company's website. Information is communicated to Shareholders via:

- (a) reports to Shareholders;
- (b) ASX announcements;
- (c) annual general meetings; and

(d) the Company website.

While the Company aims to provide sufficient information to Shareholders about the Company and its activities, it understands that Shareholders may have specific questions and require additional information. To enable Shareholders to obtain information to assist them in exercising their rights as Shareholders, the Company has made available a telephone number and relevant contact details (via the website) for Shareholders to make their enquiries.

This Shareholder Communications policy will be reviewed periodically by the Board.

### ***Recommendation 6.3***

The Board encourages full participation of Shareholders at meetings to ensure a high level of accountability and identification with the Company's strategies and goals. The Company's Shareholder Communications policy is available on the Company's website.

### ***Recommendation 6.4***

Shareholders are given the option to receive communications from, and send communication to, the Company and its share registry electronically.

## **Principle 7: Recognise and manage risk**

### ***Recommendation 7.1***

Due to the size of the Board, the Company does not have a separate risk committee. The Board is responsible for the oversight of the Company's risk management and control framework.

When the Board meets it carries out those functions which are set out in the Company's Risk Charter. Items relating to risk are marked as separate agenda items at Board meetings when required.

When a separate risk committee is formed, the role, composition, functions and responsibilities of the risk committee will be as set out in the Risk Charter which is disclosed on the Company's website.

The Board has adopted a Risk Management Policy, which is disclosed on the Company's website. Under the policy, responsibility and control of risk management is delegated to the appropriate level of management within the Company with the Chief Executive Officer having ultimate responsibility to the Board for the risk management and control framework.

Given the early stage of the Company's development, the Board considers that the primary focus of risk management should be on financial risks. The arrangements approved by the Board to monitor financial risks include:

- (a) delegated authority to the Managing Director, which imposes monetary limits on expenditure that may be undertaken by the Managing Director without Board approval;
- (b) monthly reporting to the Board on the financial position of the Company;
- (c) quarterly rolling forecasts are provided to the Board; and
- (d) before approval of the Company's financial statements, the Board receives a declaration from the Managing Director that the declaration provided in accordance with section 295A of the

Corporations Act is founded on a sound system of risk management and internal control, which is operating effectively.

***Recommendation 7.2***

The Board will review the Company's risk management framework annually to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material business risks the Company faces and to ensure that the Company is operating within the risk appetite set by the Board.

During the reporting period, the Board reviewed the risk management framework.

***Recommendation 7.3***

The Company does not have, and does not currently intend to establish, an internal audit function. The Board considers this is appropriate, taking into account the Company's early stage of development, the scale of its operations and the relative simplicity of its finance function.

To evaluate and continually improve the effectiveness of the Company's risk management and internal control processes, the Board relies on ongoing reporting and discussion of the management of material business risks as outlined in the Company's Risk Management Policy.

***Recommendation 7.4***

The Company does not consider that it has any material exposure to economic, environmental or social sustainability risks.

**Principle 8: Remunerate fairly and responsibly**

***Recommendation 8.1***

Due to the size of the Board, the Company does not have a separate remuneration committee. The roles and responsibilities of a remuneration committee are currently undertaken by the Board.

The duties of the Board in respect of remuneration are set out in the Company's Remuneration and Nomination Charter, which is available on the Company's website.

When the Board meets it carries out those functions which are set out in the Company's Remuneration and Nomination Charter. Items relating to remuneration are marked as separate agenda items at Board meetings when required.

When a separate remuneration committee is formed, the role, composition, functions and responsibilities of the remuneration committee will be as set out in the Remuneration and Nomination Charter.

***Recommendation 8.2***

Details of the Company's policies on remuneration will be set out in the Company's "Remuneration Report" in each Annual Report published by the Company.

***Recommendation 8.3***

The Company's Security Trading Policy includes the Company's policy prohibiting participants in the Company's Employee Incentive Plan entering into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the Employee Incentive Plan.

The Company's Security Trading Policy is available on the Company's website.