

CELLMID LIMITED

CORPORATE GOVERNANCE STATEMENT

The Corporate Governance Statement sets out the extent to which the Company has followed the recommendations of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations. This corporate governance statement is current as at 15 September 2020 and has been approved by the board of the Company.

Principles and Recommendations	Compliance	Comment
PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT		
<p>1.1 A listed entity should disclose:</p> <p>(a) the respective roles and responsibilities of its board and management; and</p> <p>(b) those matters expressly reserved to the board and those delegated to management.</p>	Complies	<p>The Company has established a Board Charter, which discloses the specific responsibilities of the Board and those of senior executives.</p> <p>The Board delegates responsibility for the day to day operations and administration of the Company to the Chief Executive Officer.</p> <p>The Company's Board Charter is posted on the Company's website.</p>
<p>1.2 A listed entity should:</p> <p>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</p> <p>(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.</p>	Complies	<p>The Chairman and Chief Executive Officer are responsible for ensuring that appropriate checks are undertaken before a director candidate is appointed or put forward to security holders for election.</p> <p>All material information in the Company's possession relevant to a decision on whether or not to elect or re-elect a director is provided to security holders in the notice of the meeting at which the director is to be put forward for election or re-election.</p>
<p>1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>	Complies	<p>All directors and senior executives have in place written agreements with the Company setting out the terms of their appointment.</p>
<p>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.</p>	Complies	<p>The Company Secretary reports directly to the Chairman and Chief Executive Officer. The decision to appoint or remove the Company Secretary is made by the Board.</p>
<p>1.5 A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p>	Does Not Comply	<p>The Board believes that the Company benefits from diversity.</p> <p>Due to the size of the Company and small number of persons employed by the Company and its controlled entities, the Board has not established a formal diversity policy.</p>

CELLMID LIMITED CORPORATE GOVERNANCE STATEMENT

(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.

As the Company does not have a formal diversity policy it has not set formal measurable objectives for achieving diversity

The Company is able to disclose the following gender diversity statistics for the Company and its controlled entities as at the date of the Annual Report:

- (i) 60% of the Company's employees and consultants are female; and
- (ii) 17% of the Board is female.

The Company is not a 'relevant employer' under the Workplace Gender Equality Act.

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.

Complies

The Company has a Performance Evaluation Process which is posted to the Company's website.

Complies

A performance evaluation of the Board has taken place after the reporting period.

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.

Complies

The Company has a Performance Evaluation Process which is posted to the Company's website.

Complies

A performance evaluation of the Senior Executives in accordance with the Performance Evaluation Process was undertaken during the reporting period.

CELLMID LIMITED

CORPORATE GOVERNANCE STATEMENT

PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE

<p>2.1 The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p style="padding-left: 20px;">(1) has at least three members, a majority of whom are independent directors; and</p> <p style="padding-left: 20px;">(2) is chaired by an independent director,</p> <p>and disclose:</p> <p style="padding-left: 20px;">(3) the charter of the committee;</p> <p style="padding-left: 20px;">(4) the members of the committee; and</p> <p style="padding-left: 20px;">(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p>Complies</p>	<p>The Board has established a Nomination and Remuneration Committee.</p> <p>The Nomination and Remuneration Committee is as follows:</p> <ul style="list-style-type: none"> • Mr David King – Independent Non-Executive Director; • Mr Bruce Gordon – Independent Non – Executive Director; and • Dr Fintan Walton – Independent Non – Executive Director; <p>Mr David King is Chair of the Nomination and Remuneration Committee</p> <p>The Board has a Nomination and Remuneration Committee Charter, which can be located on the Company’s website.</p> <p>Members of the Nomination and Remuneration Committee are disclosed in the Directors’ Report of the Annual Report and above.</p> <p>The members of the Nomination and Remuneration Committee meet on an ad hoc basis as needed during the year, the attendance of the members at meetings of the Committee are disclosed in the Directors’ Report of the Annual Report.</p> <p>N/A</p>
<p>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.</p>	<p>Complies</p>	<p>The skills of each Board member are disclosed on the Company’s website and in the Company’s Annual Report for each year.</p> <p>The Board Charter and Nomination and Remuneration Committee Charter states the mix of skills and diversity the Board of directors is looking to achieve.</p>

CELLMID LIMITED

CORPORATE GOVERNANCE STATEMENT

<p>2.3 A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(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</p> <p>(c) the length of service of each director.</p>	<p>Complies</p>	<p>These details are disclosed in the Annual Report. The Board is comprised of five independent, non – executive directors (Dr David King, Mr Bruce Gordon, Dr Fintan Walton, Mr Dennis Eck, and Mr Martin Cross) and one executive director (Ms Maria Halasz).</p> <p>In terms of managing conflicts, those Directors who have interests in specific transactions or potential transactions do not participate in any part of a Directors’ meeting which considers those transactions or potential transactions, are not involved in the decision-making process in respect of those transactions or potential transactions, and are asked not to discuss those transactions or potential transactions with other Directors.</p> <p>The Board notes that Mr Dennis Eck is a substantial security holder of the Company however the Board has determined that given Mr Eck’s role as a Non-Executive Director and other considerations this holding in the Company is not sufficient to compromise the independence of Mr Eck.</p> <p>Dr David King - 12 years’ service Ms Maria Halasz - 13 years’ service Mr Bruce Gordon - 5 years’ service Dr Fintan Walton - 5 years’ service Dr Martin Cross - 3 years’ service Mr Dennis Eck – 2 years’ service</p>
<p>2.4 A majority of the board of a listed entity should be independent directors.</p>	<p>Complies</p>	<p>A majority of the board is independent.</p>
<p>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.</p>	<p>Complies</p>	<p>The Company’s Chairman, Dr David King is an independent director. The Company’s CEO is Ms Maria Halasz.</p>
<p>2.6 A listed entity should have a program for inducting new directors and provide</p>	<p>Complies</p>	<p>The company has a formal program for inducting a new director and the company</p>

CELLMID LIMITED

CORPORATE GOVERNANCE STATEMENT

appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

secretary ensures that all directors are informed of changes in governance obligations. The current Board has the appropriate mix of skills and knowledge required to fulfil their responsibilities.

The company also encourages attendances at professional development courses such as those held by AICD.

PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY

<p>3.1 A listed entity should:</p> <p>(a) have a code of conduct for its directors, senior executives and employees; and</p>	<p>Complies</p>	<p>The Board acknowledges and emphasizes the importance of all directors and employees maintaining the highest standards of corporate governance practice and ethical conduct.</p> <p>A code of conduct has been established requiring directors and employees to, amongst other things:</p> <p>i) act honestly;</p> <p>ii) exercise due care and diligence in fulfilling the functions of office;</p> <p>iii) not use their position or information for personal gain;</p> <p>iii) avoid conflicts and make full disclosure of any possible conflict of interest; and</p> <p>iv) comply with the Corporations Act 2001 (Cth).</p>
<p>(b) disclose that code or a summary of it.</p>	<p>Complies</p>	<p>The Code of Conduct is posted on the Company's website.</p>

PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING

<p>4.1 The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p>	<p>Complies</p>	<p>The Board has established an Audit Committee to safeguard the integrity of the Company's financial reporting.</p> <p>The Audit Committee consists of three members as follows:</p> <ul style="list-style-type: none"> • Dr David King - independent Non – Executive Director; • Mr Bruce Gordon - independent Non – Executive Director; and • Dr Martin Cross - independent Non – Executive Director. <p>Mr Bruce Gordon is Chair of the Audit Committee.</p>
----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

CELLMID LIMITED

CORPORATE GOVERNANCE STATEMENT

and disclose:

- | | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>(3) the charter of the committee;</p> | | <p>The Audit Committee Charter is posted on the Company's website.</p> |
| <p>(4) the relevant qualifications and experience of the members of the committee; and</p> | | <p>The qualifications and experience of each member of the Committee and the number of Audit Committee meetings held and the attendances at those meetings is disclosed in the Annual Report.</p> |
| <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> | | |
| <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p> | | <p>N/A</p> |
| <p>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.</p> | <p>Complies</p> | <p>The Board receives this assurance from the Chief Executive Officer and the Financial Controller for each of the financial periods.</p> |
| <p>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.</p> | <p>Complies</p> | <p>Each year the Company's external auditor attends the Annual General Meeting.</p> |

PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE

- | | | |
|------------------------------------------------------------------------------------------------------------------------|-----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>5.1 A listed entity should:</p> | | |
| <p>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</p> | <p>Complies</p> | <p>The Board has adopted a Continuous Disclosure Policy to ensure that the Company complies with its continuous disclosure obligations under the Corporations Act and the ASX Listing Rules and to ensure accountability for compliance. The Continuous Disclosure Policy is posted on the Company's website.</p> |
| <p>(b) disclose that policy or a summary of it.</p> | | <p>The Chief Executive Officer and the Company</p> |

CELLMID LIMITED

CORPORATE GOVERNANCE STATEMENT

Secretary have primary responsibility for ensuring that the Company complies with its continuous disclosure obligations.

PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS

<p>6.1 A listed entity should provide information about itself and its governance to investors via its website.</p>	<p>Complies</p>	<p>All information pertaining to the Company can be located on the Company’s website, including Director and Management biographies, overview of operations in the Annual Report, as well as a “Shareholder Information” landing page where copies of all announcements, presentations and reports can be located.</p> <p>The Company also has a website landing page entitled “Corporate Governance” where all relevant corporate governance information can be accessed.</p>
<p>6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.</p>	<p>Complies</p>	<p>The Board has established practices to facilitate effective communication with shareholders. The Chief Executive Officer and the Company Secretary oversee this process through the Company’s website and newsletter updates. Regular briefings are held with professional investors. Prior to such briefings, any new information to be given is first released to the ASX and if significant, is later distributed to shareholders/investors who have registered their email address with the Company.</p>
<p>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.</p>	<p>Complies</p>	<p>The Board has established a Public Disclosure Policy which is posted to the Company’s website. The Policy seeks to promote effective communication with shareholders and encourage effective participation by shareholders at general meetings.</p> <p>All shareholders are notified in writing of general meetings and are strongly encouraged to attend and participate in the Annual General Meetings of the Company, to lodge questions to be answered by the Board and / or Chief Executive Officer, and are able to appoint proxies.</p>
<p>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.</p>	<p>Complies</p>	<p>Through the Company’s website and through the website of the Company’s share registry, security holders are invited to provide their email address to enable electronic communication to and from the Company and its share registry.</p>

CELLMID LIMITED

CORPORATE GOVERNANCE STATEMENT

PRINCIPLE 7 – RECOGNISE AND MANAGE RISK

<p>7.1 The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p style="padding-left: 20px;">(1) has at least three members, a majority of whom are independent directors; and</p> <p style="padding-left: 20px;">(2) is chaired by an independent director,</p> <p>and disclose:</p> <p style="padding-left: 20px;">(3) the charter of the committee;</p> <p style="padding-left: 20px;">(4) the members of the committee; and</p> <p style="padding-left: 20px;">(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity’s risk management framework.</p>	<p>Complies</p>	<p>Due to the present size of the Company, the Company does not have a stand-alone risk management committee, however the full Audit Committee oversees the implementation of the Company’s Risk Management Policy which is posted on the Company’s website.</p> <p>The Audit Committee consists of three members as follows:</p> <ul style="list-style-type: none"> • Dr David King - independent Non – Executive Director; • Mr Bruce Gordon - independent Non – Executive Director; and • Dr Martin Cross - independent Non – Executive Director. <p>Mr Bruce Gordon is Chair of the Audit Committee.</p> <p>The Audit Committee Charter is posted on the Company's website.</p> <p>The members of the Audit Committee are detailed above.</p> <p>The qualifications and experience of each member of the Committee and the number of Audit Committee meetings held and the attendances at those meetings is disclosed in the Annual Report.</p> <p>N/A</p>
<p>7.2 The board or a committee of the board should:</p> <p>(a) review the entity’s risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>Complies</p>	<p>The Chief Executive Officer reports to the Board on the effectiveness of the Company’s management of its material business risks at each of the Board meetings held throughout the year.</p>

CELLMID LIMITED CORPORATE GOVERNANCE STATEMENT

7.3	A listed entity should disclose:	Complies	
	(a) if it has an internal audit function, how the function is structured and what role it performs; or		N/A
	(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.		<p>The Company does not have an internal audit function in respect of risk assessment.</p> <p>The Board is responsible for reviewing and assessing the effectiveness of the Company's system of risk management and the Audit Committee is also responsible for reviewing at least annually the effectiveness of the Company's implementation of the risk management system and providing advice and recommendations to the Board regarding the ongoing development of risk oversight and management policies.</p>
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.	Complies	Any material exposure to economic risk is disclosed in the Annual Report of the Company.

PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY

8.1	The board of a listed entity should:	Complies	The Board has established a Nomination and Remuneration Committee consisting of three non-executive directors all of whom are considered to be independent as per the statement in respect of Principle 2.2.
	(a) have a remuneration committee which:		The Remuneration Committee consists of:
	(1) has at least three members, a majority of whom are independent directors; and		<ul style="list-style-type: none"> • Dr David King – independent Non – Executive Director; • Mr Bruce Gordon – independent Non – Executive Director; and • Dr Fintan Walton – independent Non – Executive Director;
	(2) is chaired by an independent director,		Mr David King is Chair of the Nomination and Remuneration Committee
	and disclose:		
	(3) the charter of the committee;		The Board has a Nomination and Remuneration Committee charter, which is posted on the Company's website.

CELLMID LIMITED

CORPORATE GOVERNANCE STATEMENT

<p>(4) the members of the committee; and</p>		<p>The members of the Nomination and Remuneration Committee are detailed above.</p>
<p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p>		<p>The members of the Nomination and Remuneration Committee meet on an ad hoc basis as needed during the year, the attendance of the members at meetings of the Committee are disclosed in the Directors' Report of the Annual Report</p>
<p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>		<p>N/A</p>
<p>8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	<p>Complies</p>	<p>The Board has not adopted a formal Remuneration Policy, however the Nomination and Remuneration Committee reviews the senior executive packages annually by reference to Company performance, executive performance, comparable information from industry sectors and other listed companies and independent advice.</p> <p>Executives and consultants may also be entitled to participate in the Company's Employee Incentive Plan.</p> <p>The amounts of remuneration for all key management personnel for the Company, including all monetary and non – monetary components are detailed in the Directors' Report under the heading Key Management Personnel Compensation. All remuneration paid to executives is valued at the cost to the Company and expensed. Shares given to executives are valued as the difference between the market price of those shares and the amount paid by the executive. Options are valued using the Black – Scholes methodology.</p> <p>The Board expects that the remuneration structure implemented will result in the Company being able to attract and retain the best executives to run the consolidated group. It will also provide executives with the necessary incentives to work to grow long – term shareholder value.</p>

CELLMID LIMITED

CORPORATE GOVERNANCE STATEMENT

The payment of bonuses, options and other incentive payments are reviewed by the Nomination and Remuneration Committee annually as part of the review of executive remuneration and a recommendation is put to the Board for approval. All bonuses, options and incentives must be linked to predetermined performance criteria. The Board can exercise its discretion in relation to approving incentives, bonuses and options and recommend changes to the committee's recommendations. Any changes must be justified by reference to measurable performance.

- 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.

Does Not Comply

Whilst the Company has an Employee Incentive Plan in place it does not 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 .

A summary of the Employee Incentive Plan is provided in each Notice of Meeting in which shareholder approval of the Plan is sought.