

# Neurotech International Limited

## Corporate Governance Statement

The Board recognises the importance of establishing a comprehensive system of control and accountability as the basis for the administration of corporate governance.

To the extent relevant and practical, the Company has adopted a corporate governance framework that is consistent with *The Corporate Governance Principles and Recommendations (3rd Edition)* as published by ASX Corporate Governance Council ("**Recommendations**").

The Board has adopted the following suite of corporate governance policies and procedures which are contained with the Company's **Corporate Governance Plan**, a copy of which is available on the Company's website at <http://neurotechinternational.com/investor-centre/corporate-governance>:

- Board Charter
- Corporate Code of Conduct
- Risk Committee Charter
- Audit Committee Charter
- Remuneration Committee Charter
- Nomination Committee Charter
- Continuous Disclosure Policy
- Risk Management Policy
- Securities Trading Policy
- Diversity Policy
- Shareholder Communications Policy

The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

The Company is pleased to report that its practices are largely consistent with the Recommendations of the ASX Corporate Governance Council and sets out below its compliance and departures from the Recommendations for the financial year ended 30 June 2019.

In light of the Company's size and nature, the Board considers that the current corporate governance regime is a fit-for-purpose, efficient, practical and cost effective method of directing and managing the Company. As the Company's activities develop in size, nature and scope, the implementation of additional corporate governance policies and structures will be reviewed.

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PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
<b>Principle 1: Lay solid foundations for management and oversight</b>		
<p><b>Recommendation 1.1</b></p> <p>A listed entity should have and disclose a charter which sets out the respective roles and responsibilities of the board, the chair and management; and includes a description of those matters expressly reserved to the board and those delegated to management.</p>	YES	<p>The Company has adopted a Board Charter which complies with the guidelines prescribed by the ASX Corporate Governance Council.</p> <p>A copy of the Company's Board Charter is available on the Company's website.</p>
<p><b>Recommendation 1.2</b></p> <p>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 relevant to a decision on whether or not to elect or re-elect a director.</p>	YES	<p>(a) The Nomination Committee (the function of which is currently performed by the full Board) is responsible for the selection and appointment of members of the Board. The Company's Nomination Committee Charter requires the Nomination Committee to undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a Director.</p> <p>During the 2019 Financial Year, Mark Davies, David Cantor and Winton Willesee were appointed to the Board. The Company did undertake the appropriate checks in relation to their appointments as Directors.</p> <p>(b) All material information relevant to a decision on whether or not to elect or re-elect a Director will be provided to security holders prior to any general meeting at which a resolution to elect or re-elect a Director will be voted on. As a matter of practice, the Company includes in its notices of meeting a brief biography of each Director who stands for election or re-election. The biography sets out the relevant qualifications and professional experience of the nominated Director for consideration by shareholders.</p>
<p><b>Recommendation 1.3</b></p> <p>A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>	YES	<p>Each Director and senior executive of the Company is party to a written agreement with the Company which sets out the terms and conditions of their appointment.</p>

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<p><b>Recommendation 1.4</b></p> <p>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>	<p>YES</p>	<p>The Board Charter outlines the roles, responsibility and accountability of the Company Secretary. The Company Secretary is accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board.</p> <p>During the 2019 Financial Year, Eryln Dale was appointed as the Company Secretary.</p>
<p><b>Recommendation 1.5</b></p> <p>A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board:</p> <p>(i) to set measurable objectives for achieving gender diversity; and</p> <p>(ii) to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period:</p> <p>(i) the measurable objectives for achieving gender diversity set by the board in accordance with the entity's diversity policy and its progress towards achieving them; and</p> <p>(ii) either:</p> <p>(A) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(B) the entity's "Gender Equality Indicators", as defined in the Workplace Gender Equality Act 2012.</p>	<p>PARTIALLY</p>	<p>(a) The Company has adopted a Diversity Policy however, given the current size of the Company, the Board has determined that the benefits of the initiatives recommended by the ASX Corporate Governance Council in this instance are disproportionate to the costs involved in the implementation of such strategies.</p> <p>Accordingly, the Board has elected to establish and review on an annual basis:</p> <p>i) measurable objectives for achieving improvement in the diversity mix of the workforce and particularly gender diversity;</p> <p>ii) take action to prevent and stop discrimination, bullying and harassment; and</p> <p>iii) actively monitors recruitment, promotions and turnover.</p> <p>(b) The Diversity Policy is available on the Company's website.</p> <p>(c) As at 30 June 2019, the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation are set out below. The Company defines senior executives as those employees whose direct report is to the Managing Director or the Board.</p> <ul style="list-style-type: none"> <li>- 100% of the Company's board were male;</li> <li>- 66% of the Company's senior executives were female; and</li> <li>- 50% of the Company's entire workforce (including Board and secretary) of 10 People were female.</li> </ul>

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		The Company discloses its diversity aim and statistics in the Company Annual Report.
<p><b>Recommendation 1.6</b></p> <p>A listed entity should:</p> <p>a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual Directors; and</p> <p>b) disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	YES	<p>(a) The Nomination Committee (the function of which is currently performed by the full Board) is responsible for evaluating the performance of the Board and individual Directors on an annual basis.</p> <p>(b) During the 2019 financial year, primarily as a result of the Board and management changes made toward the end of the financial year, the Company did not undertake formal performance evaluations of the Board or the current CEO.</p>
<p><b>Recommendation 1.7</b></p> <p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	YES	<p>(a) The Remuneration Committee (the function of which is currently performed by the full Board) is responsible for evaluating the performance of senior executives on an annual basis in accordance with the Company's Performance Evaluation process.</p> <p>(b) During the 2019 financial year, the Company did not undertake formal performance evaluations of its senior executives. The Company does disclose in the Company's Annual Report whether the performance evaluations of its senior executives have been completed.</p>
<p><b>Principle 2: Structure the board to add value</b></p>		
<p><b>Recommendation 2.1</b></p> <p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(i) has at least three members, a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director,</p> <p>and disclose:</p>	YES	<p>(a) The Board has determined that the function of the Nomination Committee is most efficiently carried out with full board participation and accordingly, the Company has elected not to establish a separate Nomination Committee at this stage.</p> <p>As a result, the duties that would ordinarily be assigned to the Nomination Committee under the</p>

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<p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(v) 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, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively.</p>		<p>Nomination Committee Charter are carried out by the full board.</p> <p>The Nomination Committee Charter is set out in the Company's Corporate Governance Plan which is available on the Company's website.</p> <p>(b) The Board will devote time to consider Board succession issues. All members of the Board are to be involved in the Company's nomination process, to the maximum extent permitted under the Corporations Act and ASX Listing Rules.</p>
<p><b>Recommendation 2.2</b></p> <p>A listed entity should have and disclose a board skill matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	<p>YES</p>	<p>The Board of the Company is comprised of directors with a broad range of technical, commercial, financial and other skills, experience and knowledge relevant to overseeing the business of the Company.</p> <p>The Company has developed a skills matrix which it intends to use as a tool to assess the appropriate and ideal balance of skills, experience, independence and diversity necessary for the Board to discharge its duties and responsibilities effectively.</p> <p>A summary of the collective skills, experience, independence and diversity of the Board is set out in an Annexure of the Company's Corporate Governance Plan which is available on the Company's website.</p>
<p><b>Recommendation 2.3</b></p> <p><b>A listed entity should disclose:</b></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 of the ASX Corporate Governance Principles and Recommendation (3rd Edition), but the board is of the opinion that it does not</p>	<p>YES</p>	<p>(a) The Board of the Company is comprised on the following directors:</p> <ul style="list-style-type: none"> <li>- Mr Mark Davies (Independent Non-Executive Chairman)</li> <li>- Mr Peter Griffiths (Executive Director)</li> <li>- Dr David Cantor (Independent Non-Executive Director)</li> <li>- Winton Willesee (Independent Non-Executive Director)</li> </ul> <p>Mr Griffiths is not independent because he is engaged as an executive of the Company.</p>

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<p>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>(b) The Board has determined the independence of each of the Company's directors in line with the guidance set out by the ASX's Corporate Governance Council and have not formed an opinion contrary to those guidelines.</p> <p>(c) The Directors in office at the date of this Statement have served continuously since their respective dates of appointment which are as follows:</p> <ul style="list-style-type: none"> <li>- Mr Wayne Davies: appointed 16 April 2019;</li> <li>- Mr Peter Griffiths: appointed 12 May 2016;</li> <li>- Dr David Cantor: appointed 2 July 2018; and</li> <li>- Mr Winton Willesee: appointed 16 April 2019.</li> </ul>
<p><b>Recommendation 2.4</b> A majority of the board of a listed entity should be independent directors.</p>	YES	
<p><b>Recommendation 2.5</b> 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>	YES	
<p><b>Recommendation 2.6</b> A listed entity should have a program for inducting new directors and providing appropriate professional development opportunities for continuing directors to develop and maintain the skills and knowledge needed to perform their role as a director effectively.</p>	PARTIALLY	<p>Whilst the Company does not have a formal induction process, all Directors are encouraged to undergo continual professional development and, subject to prior approval by the Chairman, all Directors have access to numerous resources and professional development training to address any skills gaps.</p>
<p><b>Principle 3: Act ethically and responsibly</b></p>		
<p><b>Recommendation 3.1</b> A listed entity should:</p> <p>(a) have a code of conduct for its directors, senior executives and employees; and</p> <p>(b) disclose that code or a summary of it.</p>	YES	<p>(a) The Company has a Corporate Code of Conduct that applies to its Directors, officers, managers, employees and consultants.</p> <p>(b) The Company's Corporate Code of Conduct is available on the Company's website.</p>
<p><b>Principle 4: Safeguard integrity in financial reporting</b></p>		
<p><b>Recommendation 4.1</b> The board of a listed entity should:</p> <p>(a) have an audit committee which:</p>	PARTIALLY	<p>(a) The Board has determined that the function of the Audit and Risk Committee is most efficiently carried out with full board participation and</p>

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<p>(i) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director, who is not the chair of the board, and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the relevant qualifications and experience of the members of the committee; and</p> <p>(v) 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 financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>		<p>accordingly, the Company has elected not to establish a separate Audit and Risk Committee at this stage.</p> <p>As a result, the duties that would ordinarily be assigned to the Audit and Risk Committee under the Audit and Risk Committee Charter are carried out by the full board.</p> <p>The Audit and Risk Committee Charter is available on the Company's website.</p> <p>(b) The Board devotes time to consider the robustness of the various internal control systems it has in place to safeguard the integrity of the Company's financial reporting.</p>
<p><b>Recommendation 4.2</b></p> <p>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that 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>YES</p>	<p>The people fulfilling the duties of CEO and CFO provided the relevant statements.</p>
<p><b>Recommendation 4.3</b></p> <p>A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>	<p>YES</p>	<p>At the Company's 2018 AGM held on 29 October 2018, a representative of the Company's audit firm, BDO, was present and available to answer questions from security holders relevant to the audit.</p>

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<b>Principle 5: Make timely and balanced disclosure</b>		
<p><b>Recommendation 5.1</b></p> <p>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>(b) disclose that policy or a summary of it.</p>	<p>YES</p>	<p>(a) The Company has adopted a Continuous Disclosure Policy which details the processes and procedures which have been adopted by the Company to ensure that it complies with its continuous disclosure obligations as required under the ASX Listing Rules and other relevant legislation.</p> <p>(b) The Continuous Disclosure Policy is available on the Company's website.</p>
<b>Principle 6: Respect the rights of security holders</b>		
<p><b>Recommendation 6.1</b></p> <p>A listed entity should provide information about itself and its governance to investors via its website.</p>	<p>YES</p>	<p>Shareholders can access information about the Company and its governance (including adopted corporate governance policies and charters) from the Company's website.</p>
<p><b>Recommendation 6.2</b></p> <p>A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.</p>	<p>YES</p>	<p>The Company has adopted a Shareholder Communications Strategy which aims to promote and facilitate effective two-way communication with investors. The Strategy outlines a range of ways in which information is communicated to shareholders.</p> <p>A copy of the Company's Shareholder Communications Strategy policy is available on the Company's website.</p>
<p><b>Recommendation 6.3</b></p> <p>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>YES</p>	<p>Shareholders are encouraged to participate at all EGMs and AGMs of the Company. Upon the dispatch of any notice of meeting to Shareholders, the Company Secretary shall send out material with that notice of meeting stating that all Shareholders are encouraged to participate at the meeting. The Company encourages those shareholders who cannot attend general meetings in person to appoint proxies on their behalf.</p>
<p><b>Recommendation 6.4</b></p> <p>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>YES</p>	<p>Shareholders have the option of electing to receive all shareholder communications by e-mail and can update their communication preferences with the Company's registrar at any time.</p> <p>The Company considers that communicating with shareholders by electronic means is an efficient way to distribute information in a timely and convenient manner.</p>

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<b>Principle 7: Recognise and manage risk</b>		
<p><b>Recommendation 7.1</b></p> <p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(i) has at least three members, a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director, and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(v) 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 process it employs for overseeing the entity's risk management framework.</p>	<p>YES</p>	<p>(a) Due to its size, the Board has determined that the function of the Audit and Risk Committee is most efficiently carried out with full board participation and accordingly, the Company has elected not to establish a separate Audit and Risk Committee at this stage.</p> <p>As a result, the duties that would ordinarily be assigned to the Audit and Risk Committee under the Audit and Risk Committee Charter are carried out by the full board.</p> <p>The Audit and Risk Committee Charter is contained in the Company's Corporate Governance Plan which is available on the Company's website.</p> <p>(b) The Board devotes time to fulfil the roles and responsibilities associated with overseeing risk and maintaining the Company's risk management framework and associated internal compliance and control procedures.</p>
<p><b>Recommendation 7.2</b></p> <p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework with management at least annually to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material business risks the entity faces and to ensure that they remain within the risk appetite set by the board; and</p> <p>(b) disclose in relation to each reporting period, whether such a review has taken place.</p>	<p>PARTIALLY</p>	<p>(a) The Company's process for risk management and internal compliance includes a requirement to identify and measure risk, monitor the environment for emerging factors and trends that affect these risks, formulate risk management strategies and monitor the performance of risk management systems. The Company's Risk Management Policy details the Company's disclosure requirements with respect to the review of the Company's risk management procedures and internal compliance and controls.</p> <p>(b) Whilst no discrete session was convened during the 2019 financial year, the Company does regularly consider its risk exposures on an ongoing basis within its regular board meeting.</p>
<p><b>Recommendation 7.3</b></p> <p>A listed entity should disclose:</p>	<p>YES</p>	<p>(a) The Audit Committee (the function of which is currently performed by the full Board) is responsible for monitoring</p>

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<p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>		<p>the need for a formal internal audit function.</p> <p>(b) Due to the size and nature of the Company's operations, the Company has adopted internal control procedures which are set out in its Audit Committee Charter. The effectiveness of the Company's risk management and internal control processes is subject to annual review by the Board.</p> <p>As the Company's operations grow and evolve, the Board will reconsider the appropriateness of adopting an internal audit function.</p> <p>The Audit Committee Charter is available on the Company's website.</p>
<p><b>Recommendation 7.4</b></p> <p>A listed entity should disclose whether, and if so how, it has regard to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	<p>YES</p>	<p>The Company's Risk Management Policy details the Company's risk management systems which assist in identifying and managing potential or apparent business, economic, environmental and social sustainability risks (where appropriate).</p> <p>A copy of the Company's Risk Management Policy is available on the Company's website.</p>
<p><b>Principle 8: Remunerate fairly and responsibly</b></p>		
<p><b>Recommendation 8.1</b></p> <p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(i) has at least three members, a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director,</p> <p>and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of</p>	<p>YES</p>	<p>Due to its size, the Board has determined that the function of the Remuneration Committee is most efficiently carried out with full board participation and accordingly, the Company has elected not to establish a separate Remuneration Committee at this stage.</p> <p>As a result, the duties that would ordinarily be assigned to the Remuneration Committee under the Remuneration Committee Charter are carried out by the full board.</p> <p>The Remuneration Committee Charter is available on the Company's website.</p> <p>The Board devotes time to fulfil the roles and responsibilities associated with setting the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>

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<p>remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>		
<p><b>Recommendation 8.2</b> 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 and ensure that the different roles and responsibilities of non-executive directors compared to executive directors and other senior executives are reflected in the level and composition of their remuneration.</p>	<p>YES</p>	<p>The Company's policies and practices regarding the remuneration of non-executive and executive Directors and other senior employees are set out in the Remuneration Report contained in the Company's annual Report for each financial year.</p>
<p><b>Recommendation 8.3</b> A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>YES</p>	<p>(a) The Company's Remuneration Committee (the function of which is currently performed by the full Board) is responsible for the review and approval of any equity-based remuneration schemes offered to Directors and Employees of the Company. Further, in accordance with the Remuneration Committee Charter, the Remuneration Committee is also responsible for granting permission, on a case by case basis, for scheme participants to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the Scheme.</p> <p>(b) The Company's policy in this regard is set out the Company's Remuneration Committee Charter, a copy of which is available on the Company's website.</p>