



VECTUS BIOSYSTEMS LIMITED

ABN 54 117 526 137

Corporate Governance Statement

for the year ended 30 June 2018

Corporate Governance Statement

The Board and the Corporate Governance Committee of Vectus Biosystems Limited (Vectus or the Company) draw on relevant best practice principles, particularly those issued by the Australian Securities Exchange (ASX) Corporate Governance Council's third edition of the publication, "Corporate Governance Principles and Recommendations", which was released on 27 March 2014 and is referred to for guidance purposes. While the Company attempts to adhere to the principles proposed by the ASX, and the Directors believe that Vectus complies with the underlying guidelines of the ASX, it is mindful that there are some instances where compliance is not practicable for a company of its size. However all listed companies are required to produce a corporate governance statement that discloses the extent to which the entity has followed the recommendations, and to identify any recommendations that have not been followed, the period during which they were not followed, the reasons for not doing so and any alternative governance practices that have been adopted in lieu of the recommendation. The Company is aware that, on 2 May 2018, the ASX Corporate Governance Council issued a series of documents commenting on the proposed changes to be considered for the 4th Edition of the ASX Principles and Recommendations. Vectus will monitor the progress of any changes that evolve now that the consultation period has closed and submissions have been received by the Council.

This Corporate Governance Statement reports on the corporate governance principles and practices followed by the Company, in accordance with ASX Listing Rules 4.7.4 and 4.10.3, for the period from 1 July 2017 to 30 June 2018 (i.e. the recent reporting period). Vectus' Corporate Governance Committee reviewed the recommendations and the Company's 2018 Corporate Governance Statement on 26 September 2018, and the Board of Directors approved the Company's Corporate Governance Statement on 10 October 2018. In many cases Vectus was already achieving the standards required. In other cases the Company has considered other arrangements to enable compliance. In a number of instances, Vectus has determined not to meet the standards set out in the recommendations, largely due to the recommendation being considered by the Board to be unduly onerous and costly for a company of its size.

The Board is responsible for the overall corporate governance of the Company. Issues of substance affecting Vectus are considered by the full Board, with advice from the Board's Committees, senior management and other external advisors as required. Each Director brings an independent view and judgement to the Board, and must promptly declare all conflicts of interest. Directors do not participate in discussions or resolutions pertaining to any matter in which they have a material personal interest unless the non-conflicted Directors have separately agreed to their participation.

The responsibilities of the Board are set down in Vectus' Board Charter, which is available in the Company's Corporate Governance Compliance Manual along with all of its Charters and Policies, located in the Investor Centre section of Vectus' website (www.vectusbiosystems.com.au) under Corporate Governance.

Board Committees

The Board has established four Committees to assist it in fulfilling its responsibilities, being the:

- (a) Audit and Risk Management Committee;
- (a) Remuneration and Nomination Committee;
- (b) Corporate Governance Committee; and
- (c) R&D and Innovation Committee.

Each of these Committees has the responsibilities described in their Committee Charters (which have been prepared having regard to the ASX Recommendations) that were adopted by Vectus and can be found in the Company's Corporate Governance Compliance Manual on its website. The Board may also establish other committees from time-to-time to assist in the discharge of its responsibilities.

Corporate Governance Principles

Vectus has also adopted these policies, codes and charters, which are available on the Company's website:

Corporate Code of Conduct

This policy sets out Vectus' responsibilities to shareholders, the financial community, customers, suppliers, the general community and individuals, and guides the Company's compliance with legal and other obligations;

Securities Trading Policy

This policy restricts employees and Directors from dealing with Vectus' shares at times when the market may not be fully informed as to the Company's activities. When they are in possession of unpublished price-sensitive information, employees and Directors may not trade in Vectus' securities. In addition, they cannot trade during designated Blackout or Closed Periods. The policy explains how insider trading laws affect employees' and Directors' dealings in the Company's shares;

Continuous Disclosure Policy

This policy describes reporting lines and decision-making processes that are designed to ensure that Vectus complies with its continuous disclosure obligations under the ASX Listing Rules and the Corporations Act;

Shareholders' Communications Policy

This policy describes the Company's practices for ensuring effective communication with its shareholders, sets out the standards, protocols and law relating to disclosure of Vectus' information, and sets out the requirements expected from all Directors, senior management and employees for complying with the Company's policy on disclosure of price-sensitive information;

Diversity Policy Charter

This policy sets out Vectus' commitment to promoting diversity amongst its Board, at management level and within the Group as a whole; and

R&D and Innovation Committee Charter

This charter describes the Committee's role in overseeing and advising the Board on the Company's technology growth and portfolio diversification strategy, and in reviewing emerging research and development (R&D) and innovation trends for the potential application for the Company.

Compliance with the Third Edition of the ASX Corporate Governance Council's Principles and Recommendations

The Company is required to report its compliance with, and departures from, the ASX Recommendations in its annual Corporate Governance Statement released to ASX and included on Vectus' website at <http://www.vectusbiosystems.com.au/investor-centre/corporate-governance>. The Company's compliance with, and departures from, the ASX Recommendations are set out below.

Corporate Governance Principles and Recommendations (3 rd Edition)	Explanation
Recommendation 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.	Vectus has disclosed the respective roles and responsibilities of its Board and management, and the functions reserved by the Board and those delegated to senior management, in the Company's Board Charter. This document is available in Vectus' Corporate Governance Compliance Manual in the Investor Centre section of the Company's website at www.vectusbiosystems.com.au under the Corporate Governance heading.

Corporate Governance Principles and Recommendations (3 rd Edition)	Explanation
<p>Recommendation 1.2</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 in its possession relevant to a decision on whether or not to elect or re-elect a director.</p>	<p>Vectus undertakes a number of checks before appointing a person or putting forward to security holders a candidate for election as a Director and provides material information to shareholders about a candidate for election or re-election. The Company's Remuneration and Nomination Committee provides recommendations to assist the Board of Directors with ensuring that appropriate checks and references are taken for new Directors and key executives, and that effective induction and education procedures exist for new Board appointees and key executives. These include checks as to the person's character, experience and education.</p> <p>Information provided to security holders in the Notice of Meeting includes: biographical details and the skills the candidates bring to the Board; details of any other material directorships currently held by the candidate; in the case of a candidate standing for election as a Director for the first time, any material adverse information revealed by the checks that Vectus has performed about the Director, details of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his or her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company and its security holders generally, and if the Board considers that the candidate will, if elected, qualify as an independent Director, a statement to that effect; in the case of a candidate standing for re-election as a Director, the term of office currently served by the Director and if the Board considers the Director to be an independent Director, a statement to that effect and a statement by the Board as to whether or not it supports the election or re-election of the candidate.</p> <p>A candidate for appointment or election as a Non-Executive Director must provide the Board with the information above and a consent for Vectus to conduct any background or other checks the Company would ordinarily conduct. The candidate must also provide details of his or her other commitments and an indication of time involved, and specifically acknowledge to Vectus that he or she will have sufficient time to fulfil his or her responsibilities as a Director.</p>

Corporate Governance Principles and Recommendations (3 rd Edition)	Explanation
<p>Recommendation 1.3</p> <p>A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>	<p>The Company has a procedure of obtaining a written agreement with each Director and senior executive setting out their terms of appointment. These agreements take the form of letters of appointment in the case of Non-Executive Directors and service contracts in the case of Executive Directors or other senior executives.</p> <p>For each Non-Executive Director, the agreement generally sets out the following: the terms of appointment; the time commitment envisaged, including any expectations regarding involvement with committee work and any other special duties attaching to the positions; remuneration, including superannuation entitlements; the requirement to disclose Directors' interests and any matters that may affect Directors' independence; the requirement to comply with key corporate policies, including Vectus' Corporate Code of Conduct, and its Securities Trading Policy; the Company's policy on when Directors may seek independent professional advice at the expense of Vectus (which is generally whenever Directors, especially Non-Executive Directors, judge such advice necessary for them to discharge their responsibilities as Directors); indemnity and insurance arrangements; ongoing rights of access to corporate information; and ongoing confidentiality obligations.</p> <p>In the case of Executive Directors or other senior executives, the agreements generally set out the information above (to the extent applicable), as well as: descriptions of their positions, duties and responsibilities; the persons or bodies to whom they report; the circumstances in which their services may be terminated; and any entitlements on termination.</p> <p>The Company is required under the ASX Listing Rules to disclose the material terms of any employment, service or consultancy agreement it or a subsidiary enters into with its Chief Executive Officer (CEO) (or equivalent), any of its Directors, and any other person or entity who is a related party of its CEO or any of its Directors. It is also required to disclose any material variation to such an agreement.</p>
<p>Recommendation 1.4</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>The Company Secretary of Vectus is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board. The Company Secretary plays an important role in supporting the effectiveness of the Board and its</p>

Corporate Governance Principles and Recommendations (3 rd Edition)	Explanation
	<p>Committees. The role of the Company Secretary includes: advising the Board and its Committees on governance matters; monitoring that Board and Committee policies and procedures are followed; co-ordinating the timely completion and despatch of Board and Committee papers; 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. Each Director is able to communicate directly with the Company Secretary and vice versa. The decision to appoint or remove a Company Secretary is made or approved by the Board.</p>
<p>Recommendation 1.5</p> <p>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> <p>(b) disclose that policy or a summary of it; and</p> <p>(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:</p> <p>(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</p> <p>(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.</p>	<p>The Company's workforce, including employees, contractors, management and the Board, is made up of individuals with diverse skills, values, backgrounds and experiences that bring to Vectus the skills and expertise that are required for the Company to enhance its performance. Vectus values diversity and recognises the benefit it can bring in achieving the Company's goals. To this end, Vectus has a Diversity Policy Charter that reflects its commitments and objectives, and includes requirements for the Board, and Remuneration and Nomination Committee to annually review performance against these objectives, as part of its annual review of the effectiveness of this Policy Charter. This Committee and the Board set measurable objectives for achieving gender diversity and assess annually both the objectives and the Company's progress in achieving them. In this regard, during the reporting period Vectus satisfied its objective of carefully considering a woman replacement for both senior and more junior staff appointments. A copy of the Company's Diversity Policy Charter is available in Vectus' Corporate Governance Compliance Manual in the Investor Centre section of its website at www.vectusbiosystems.com.au under Corporate Governance.</p> <p>The Company is committed to ensuring that the appropriate mix of skills, experience, expertise and diversity are considered when employing staff at all levels of the organisation, and when making new senior executive and Board appointments, and is satisfied that the composition of employees, senior executives and members is appropriate considering its size and environment. Vectus has the objective to maintain or exceed the current</p>

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	<p>high ratio of women to men with its proposed staff recruitment in the coming year.</p> <p>As at the end of the recent reporting period there were two women and four men on the Board, in senior executive positions there was one woman (who is also on the Board) and no men, and five women and one man across the whole organisation (excluding Non-Executive Directors). The Company has defined “senior executive” for these purposes in the same way as it has defined its Key Management Personnel in Vectus’ Remuneration Report, i.e. those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise) of that entity. The Key Management Personnel of the Company are the Non-Executive Directors and the Executive Director (i.e. the CEO).</p>
<p>Recommendation 1.6</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>	<p>The Remuneration and Nomination Committee Charter describes the process that Vectus uses for evaluating the performance of its Board, its committees and individual Directors, and this Charter is available for review in the Company’s Corporate Governance Compliance Manual in the Investor Centre section of its website at www.vectusbiosystems.com.au under Corporate Governance. Vectus has a process whereby its Directors complete Board Evaluation Questionnaires that evaluate the performance of the Board, its committees and individual Directors. During the recent reporting period the Board assessed the results of its Questionnaire in accordance with that process, and will continue to assess the results derived from future Questionnaires, on at least an annual basis as part of the process for periodically evaluating the performance of the Board, its Committees and individual Directors.</p>
<p>Recommendation 1.7</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>	<p>The responsibilities of the Board include ratifying other senior executive appointments, organisational changes and senior management remuneration policies and practices.</p> <p>The purpose of the Remuneration and Nomination Committee is to provide recommendations to assist the Board with respect to: ensuring that appropriate procedures exist to assess and review the performance of the senior management; setting in place remuneration policies that are designed to attract and retain senior managers</p>

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	<p>to enhance the performance and growth of Vectus; and ensuring that the level and composition of remuneration packages are fair, reasonable and adequate and, in the case of Executive Directors and senior managers, display a clear relationship between the performance of the individual and the performance of the Company.</p> <p>During the year the Remuneration and Nomination Committee completed a review and provided recommendations to the Board on the performance of the senior management. It made recommendations on the remuneration of the senior management. The Company is developing a revised process for evaluating its senior executives using a Senior Executive Evaluation Form and will formalise this in the 2018-19 financial year. The Board will assess the results of this procedure on at least an annual basis as part of the process for periodically evaluating the performance of its senior executives.</p>
<p>Recommendation 2.1</p> <p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <ul style="list-style-type: none"> (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 <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>The Board of Vectus has a joint Remuneration and Nomination Committee, which consists of three members, a majority of whom are independent Directors, and is chaired by an independent Director. The members of the Committee during and at the end of the recent reporting period were Graham Macdonald (Committee Chairman), Maurie Stang and Ronald Shnier.</p> <p>The Remuneration and Nomination Committee Charter governs the composition, membership, roles and responsibilities of the Directors, and provides recommendations to assist the Board of Directors. The Charter is available in the Company's Corporate Governance Compliance Manual in the Investor Centre section of its website at www.vectusbiosystems.com.au under Corporate Governance.</p> <p>During 1 July 2017 and 30 June 2018 two Remuneration and Nomination Committee meetings were held, at which Graham Macdonald and Maurie Stang were present; Ronald Shnier was unable to attend one of these meetings.</p>
<p>Recommendation 2.2</p> <p>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</p>	<p>Vectus has and discloses a Board Skills Matrix setting out the mix of skills and diversity that the Board currently has in its membership. The Skills Matrix is set out in Appendix A below. The Corporate Governance Committee has</p>

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looking to achieve in its membership.	reviewed the collective skills of the Board and will consider the mix in the Company's professional development initiatives for Directors and in its Board succession planning.
<p>Recommendation 2.3</p> <p>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>The Board considered that each of Graham Macdonald (who ceased to be a Director on 31 August 2018), Ronald Shnier and Susan Pond is an independent Director, free from any business or any other relationship that could materially interfere with, or reasonably be perceived to interfere with, the independent exercise of the Director's judgement, and each is able to fulfil the role of an independent director for the purposes of the ASX Recommendations.</p> <p>Karen Duggan, Maurie Stang and Peter Bush are considered by the Board not to be independent, having regard to the indicators of independence set out in Box 2.3 of the ASX Recommendations.</p> <p>The length of service of each Director as at the date of this Statement is as follows:</p> <p>Graham Macdonald – ten years and six months when he ceased to be a Director (i.e. on 31 August 2018).</p> <p>Karen Duggan – 12 years.</p> <p>Maurie Stang – 12 years and nine months.</p> <p>Peter Bush – three years and two months.</p> <p>Ronald Shnier – three years.</p> <p>Susan Pond – two years and four months.</p>
<p>Recommendation 2.4</p> <p>A majority of the board of a listed entity should be independent directors.</p>	<p>The Board does not have a majority of independent Directors due to the appropriately-qualified available Directors appointed and because of Vectus' early stage of development. However, during the most recent reporting period, i.e. prior to Graham Macdonald ceasing to be a Director, the Company had an equal balance of independent and non-independent Directors. This will be reviewed in the coming year.</p>
<p>Recommendation 2.5</p> <p>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>The Non-Executive Chairman of the Board of Vectus during the recent reporting period was an independent Director and not the CEO of the Company.</p>
<p>Recommendation 2.6</p> <p>A listed entity should have a program for inducting new directors and provide</p>	<p>It is the role of Vectus' Remuneration and Nomination Committee to ensure that an effective induction process is implemented for new Board appointees and key executives,</p>

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<p>appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.</p>	<p>and this Committee's Charter includes Induction and Education Procedures for new Board appointees and key executives. The Company has a programme for inducting new Directors. Every new Director receives a Letter of Appointment accompanied by: a Director's Deed of Access and Indemnity; information on Vectus' policies and charters; and an induction meeting. In conjunction with its review of the Skills Matrix, the Board determines whether or not specific training to develop skills and experience of individual Board members is necessary. In order to ensure the Board is able to discharge its responsibilities properly, the Remuneration and Nomination Committee has a process whereby Directors can obtain independent professional advice, to develop and maintain their skills and knowledge to perform their role as Directors when necessary at the expense of the Company.</p>
<p>Recommendation 3.1</p> <p>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>	<p>Vectus has a Corporate Code of Conduct that has been fully endorsed by the Board, and applies to all Directors, senior executives and employees. The Corporate Code of Conduct is reviewed and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism, and the practices necessary to maintain confidence in the Group's integrity, and to take into account legal obligations and reasonable expectations of the Company's stakeholders.</p> <p>A copy of the Corporate Code of Conduct is available in Vectus' Corporate Governance Compliance Manual in the Investor Centre section of the Company's website at www.vectusbiosystems.com.au under Corporate Governance.</p>
<p>Recommendation 4.1</p> <p>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, and disclose:</p> <p>(3) the charter of the committee;</p>	<p>The Board of Vectus has a joint Audit and Risk Management Committee, which was established by the Board to review and monitor financial, audit and risk management processes and reporting. During and as at the end of the recent reporting period, the Committee consisted of three Non-Executive Directors, a majority of whom were not independent Directors, being Peter Bush (Committee Chairman) (Accountant, but not independent), Graham Macdonald (medical background and independent) and Maurie Stang (finance experience, but not independent). The reason why the majority of</p>

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<p>(4) the relevant qualifications and experience of the members of the committee; and</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>Directors of this Committee is not made up of independent Directors is because the most suitably-qualified Directors, with greater expertise in the area of accounting and financial controls, are non-independent Directors. The Chairman of the Committee, who the Board agreed was the most qualified for this role, is not an independent Director, but he is not the Chairman of the Board.</p> <p>A copy of the Charter of the Audit and Risk Management Committee is available in the Company's Corporate Governance Compliance Manual in the Investor Centre section of Vectus' website at www.vectusbiosystems.com.au under Corporate Governance. The relevant qualifications and experience of the members of the Committee can be found in the About Us section of the Company's website under Leadership Team and in the Directors' Report in Vectus' Annual Report. In relation to the recent reporting period the Committee met four times. Graham Macdonald and Maurie Stang attended all of these meetings, and Peter Bush attended three of the four meetings.</p>
<p>Recommendation 4.2</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, 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>Before it approves the Company's financial statements for a financial period, the Board of Vectus receives assurance from the CEO and CFO, via a declaration, that the financial records of the Company 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 Vectus, and that their opinion is founded on a sound system of risk management and internal control, and that the system is operating effectively in all material aspects in relation to financial reporting risks.</p>
<p>Recommendation 4.3</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>The Company invites its external Auditor to attend its Annual General Meeting (AGM), and be available to answer shareholders' questions about the conduct of the audit, and the preparation and content of the Auditor's Report. Within the last reporting period Vectus' Audit Partner from UHY Haines Norton attended its AGM and was available to answer questions.</p>
<p>Recommendation 5.1</p> <p>A listed entity should:</p> <p>(a) have a written policy for complying with its continuous disclosure obligations under the</p>	<p>The Company has a written policy, being its Continuous Disclosure Policy, which complies with its obligations under the ASX Listing Rules and is in Vectus' Corporate Governance Compliance Manual in the Investor Centre</p>

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Listing Rules; and (b) disclose that policy or a summary of it.	section of its website at www.vectusbiosystems.com.au under Corporate Governance. The Board has designated the Company Secretary as the person responsible for overseeing and coordinating disclosure of information to the ASX, as well as communicating with the ASX.
Recommendation 6.1 A listed entity should provide information about itself and its governance to investors via its website.	The Company provides information about itself and Vectus' corporate governance on its website. The Investor Centre of the Company's website contains a Corporate Governance section, where Vectus' Corporate Governance Compliance Manual, which contains its charters and policies, can be found, as well as the Company's Corporate Governance Statement. The Investor Section also contains Reports and Presentations, a link to Vectus' ASX Announcements, contact details of the Company's Share Registry and the IPO Prospectus. Biographical information on Vectus' Leadership and Executive Teams can be found in the About Us section of the Company's website, and the Technology section provides information on Vectus and its wholly-owned subsidiary Accugen Pty Limited. The Contact Us section provides shareholders and investors with the Company's contact details of both its research and corporate divisions.
Recommendation 6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Vectus has designed and implemented an investor relations programme to facilitate effective two-way communication with investors. The Company has adopted a Shareholders Communications Policy, which is available in Vectus' Corporate Governance Compliance Manual in the Investor Centre section of its website at www.vectusbiosystems.com.au under Corporate Governance. The Company actively engages with shareholders at its meetings of security holders, meeting with them upon request and responding to any enquiries they may make from time-to-time.
Recommendation 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.	Vectus has disclosed the processes it has in place to facilitate and encourage participation at meetings of security holders in its Shareholders Communications Policy, which is available in the Company's Corporate Governance Compliance Manual in the Investor Centre section of its website at www.vectusbiosystems.com.au under Corporate Governance. Written policies that Vectus has formed on security holder participation at meetings cover disclosure of price-sensitive information and ensure that the

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	<p>requirements of continuous disclosure are met. These written policies and procedures are designed to enable appropriate communication with, and participation by, shareholders. The Company views its meetings of shareholders as an important forum for two-way communication between Vectus and its security holders. They provide an opportunity for the Company to impart to security holders a greater understanding of its business, governance, financial performance and prospects, as well as to discuss areas of concern or interest to the Board and management. These meetings also provide an opportunity for security holders to express their views to Vectus' Board and management about any areas of concern or interest for them.</p>
<p>Recommendation 6.4</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>The Company gives security holders the option to receive communications from, and send communications to, Vectus and its security registry electronically. The Contact Us section of the Company's website contains Vectus' contact details and security holders can also choose to subscribe to receive periodic email updates on the Company's research and development programme by clicking on the link at the bottom of the Contact Us page. The Investor Section of Vectus' website provides the contact details of the Company's Share Registry, Boardroom Pty Limited, including links for security holders to go to in order to make enquiries of the Share Registry and to its website.</p>
<p>Recommendation 7.1</p> <p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <ul style="list-style-type: none"> (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 <p>(b) if it does not have a risk committee or</p>	<p>The Board of Vectus has a joint Audit and Risk Management Committee to review and monitor financial, audit and risk management processes and reporting, and oversee risk. During and as at the end of the recent reporting period the Committee consisted of three Non-Executive Directors, a majority of whom were not independent Directors, and the Chairman of the Committee is not an independent Director. The Charter of the Committee is available in the Company's Corporate Governance Compliance Manual in the Investor Centre section of Vectus' website at www.vectusbiosystems.com.au under Corporate Governance.</p> <p>The members of the Committee at the end of the recent reporting period were Peter Bush (Committee Chairman) (not independent), Graham Macdonald (independent) and Maurie</p>

Corporate Governance Principles and Recommendations (3 rd Edition)	Explanation
<p>committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p>Stang (not independent). The reason why the majority of Directors of the joint Audit and Risk Management Committee is not made up of independent Directors and that the Chairman of the Committee is not an independent Director is because the Directors with greater expertise in the area of accounting and financial controls are non-independent Directors, and the only non-independent member of this Committee was also the Chairman of the Board.</p> <p>In relation to the recent reporting period the Committee met four times. Graham Macdonald and Maurie Stang attended all of these meetings, and Peter Bush attended three of the four meetings. Risk Factors are an agenda item at each Board meeting.</p> <p>The Board's role in risk oversight includes receiving regular reports from senior management, and the Audit and Risk Management Committee about material risks faced by the Company, and applicable mitigation strategies and activities. The reports detail the effectiveness of the risk management programme, and identify and address material business risks, such as strategic, business, operational, financial, human resources, product safety, environmental and social sustainability, and efficacy and legal / regulatory risks.</p>
<p>Recommendation 7.2</p> <p>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>Management is responsible for designing, implementing and reporting on the adequacy of the Company's risk management and internal control system. Management reports to the Audit and Risk Management Committee on Vectus' key risks and the extent to which it believes these risks are being monitored at each Committee meeting. The Audit and Risk Management Committee reviews and monitors the Company's risk management framework, and internal compliance and control systems, at least annually to satisfy itself that it continues to be sound. In relation to the recent reporting period, such a review has taken place. As part of the risk review, Vectus has a Risk Register, which is periodically included in the Board papers for Board and/or Audit and Risk Management Committee meetings, and is reviewed and updated by the Committee and/or Board. A major review of the Risk Register and the procedures for identifying</p>

Corporate Governance Principles and Recommendations (3 rd Edition)	Explanation
	risks was carried out at the September 2018 Corporate Governance Committee meeting.
<p>Recommendation 7.3</p> <p>A listed entity should disclose:</p> <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 Company does not have an internal audit function. The process Vectus employs for evaluating and continually improving the effectiveness of its risk management and internal control processes is the monthly review of its actual versus budget variances in revenue and expenses. The Company has a procedure whereby there is a periodic review of source accounting documentation by someone independent of the Accounts Department and independent of the regular accounting documentation approval process.</p>
<p>Recommendation 7.4</p> <p>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.</p>	<p>Vectus has not identified any specific material exposure to economic, environmental or social sustainability risks. The Company believes that how it conducts its business activities impacts directly on a range of stakeholders, including security holders, employees, customers, suppliers, creditors, consumers, governments and the local communities in which it operates. Vectus understands that whether or not it does so sustainably can impact in the longer term on society and the environment.</p> <p>The Company operates with a long-term perspective in order to achieve a level of economic growth utilising the experience of a Board of Directors who have achieved success in the healthcare industry and in business at a senior executive level. Vectus has a goal of not compromising the health of the ecosystems in which it operates over the long term. The Company works in a manner that meets accepted social norms and needs, and intends to continue to do so into the future.</p> <p>Vectus' business aims to address certain social sustainability and economic risks, as it researches a cure for fibrosis caused by hypertension and other chronic diseases such as diabetes, which are a large cause of medical problems globally. The Company's goal of treating cardiovascular fibrosis and systolic blood pressure is focused on improving the healthcare of our society, while ensuring the highest standard of occupational health and environmental safety. Vectus' wholly-owned subsidiary, Accugen Pty Limited, has developed a platform system that potentially offers a time, cost and accuracy benefit in measuring the amount of DNA or RNA in analysing medical</p>

Corporate Governance Principles and Recommendations (3 rd Edition)	Explanation
	<p>samples, compared to currently-available systems, and therefore providing economic benefits. The Company identified an unmet need through Karen Duggan's discovery that a naturally-occurring molecule in the human body was capable of reversing fibrosis, which, if commercialised, will have a significant benefit to the needs of society over the long term. Fibrosis, the formation of excess fibrous connective tissue in an organ, plays a role in more than 40% of deaths worldwide. This figure includes different diseases affecting the heart, lungs, kidneys and liver, among others. While current treatments only slow the progression of fibrosis, Vectus has demonstrated in animal models that its compounds can reverse the process, leading to the restoration of normal tissue architecture.</p>
<p>Recommendation 8.1</p> <p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <ul style="list-style-type: none"> (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 <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>The Board of the Company has a joint Remuneration and Nomination Committee, which consists of three members, a majority of whom are independent Directors, and is chaired by an independent Director. The members of the Committee during and as at the end of the recent reporting period were Graham Macdonald (Committee Chairman), Maurie Stang and Ronald Shnier.</p> <p>Vectus' Remuneration and Nomination Committee Charter governs the composition, membership, roles and responsibilities of the Directors, and provides recommendations to assist the Board of Directors. This Charter is available in the Company's Corporate Governance Compliance Manual in the Investor Centre section of Vectus' website at www.vectusbiosystems.com.au under Corporate Governance.</p> <p>During 1 July 2017 and 30 June 2018 two Remuneration and Nomination Committee meetings were held, at which Graham Macdonald and Maurie Stang were present; Ronald Shnier was unable to attend one of these meetings.</p>

Corporate Governance Principles and Recommendations (3 rd Edition)	Explanation
<p>Recommendation 8.2</p> <p>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>The Company separately discloses its policies and practices regarding the remuneration of Vectus' Non-Executive Directors and the remuneration of its Executive Director in the Remuneration Report in the Company's Annual Report.</p>
<p>Recommendation 8.3</p> <p>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>Vectus has an equity-based remuneration scheme, being its Employee Incentive Plan (EIP), which was summarised in the IPO Prospectus dated 23 November 2015. The Company has a policy that participants in the EIP are not permitted to enter into transactions (whether through the use of derivatives or otherwise) that limit the economic risk of participating in the scheme. There are no schemes for retirement benefits, other than superannuation, for Non-Executive Directors. The Corporations Act prohibits the key management personnel of ASX-listed companies established in Australia, or closely-related parties of such personnel, from entering into arrangements that would have the effect of limiting their exposure to risks relating to an element of their remuneration that either has not vested or has vested but remains subject to a holding lock.</p>

Appendix A – Skills Matrix

Skills, Diversity and Experience of the Board	Total Number out of Five Directors
Leadership	5
Corporate Governance and Compliance	5
Regulatory Compliance	5
Membership of Governance or Regulatory Bodies	4
Strategy	5
Directorships / Senior Management positions held outside VBS	5
CEO / CFO / COO experience	5
General Management	5
Tenure – Director with VBS for less than three years	1
Tenure – Director with VBS for between three to nine years	2
Tenure – Director with VBS for nine years or more	2
Operations	4
Occupational Health and Safety	5
Experience Managing Environment Issues in an Organisation	4
Project Delivery	5
Sector / Industry Experience – Healthcare	5
Geographic Experience – Global	5
Geographic Experience – Asia Pacific	5
International Business	4
Finance	3
Accounting	1
Mergers and Acquisitions / Equity / Capital Markets	2
Experience in Growing a Business	5
Experience in Implementing Capital Projects	3
Business Development	5
Risk Management	5
Marketing	2
Remuneration	4
Government Relations	5
Human Resources Management / People	5
Professional Services	2
Gender Equality	5
Early Stage Pharmaceutical and Diagnostics	5
Tertiary Qualifications	5
Post-Graduate Business Studies and CA or CPA	1
Residency in Australia	5
Significant Research and Development Experience	5
Legal and Intellectual Property	5



Registered and Principal Office

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Rules 4.7.3 and 4.10.3¹

Appendix 4G

Key to Disclosures

Corporate Governance Council Principles and Recommendations

Introduced 01/07/14 Amended 02/11/15

Name of entity

Vectus Biosystems Limited (ASX:VBS)

ABN / ARBN

54 117 526 137

Financial year ended:

30 June 2018

Our corporate governance statement² for the above period above can be found at:³

- ☐ These pages of our annual report:
- ☒ This URL on our website:
<http://www.vectusbiosystems.com.au/investor-centre/corporate-governance>

The Corporate Governance Statement is accurate and up to date as at **10 October 2018** and has been approved by the board.

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

Date: **12 October 2018**

Name of ~~Director or~~ Secretary authorising lodgement: **Robert J Waring**

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: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i> ... 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): <input checked="" type="checkbox"/> in the Company's Board Charter, in its Corporate Governance Compliance Manual in the Investor Centre section of its website at www.vectusbiosystems.com.au under Corporate Governance	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> 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: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> 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: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> 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: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> 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.

Key to Disclosures Corporate Governance Council Principles and Recommendations

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	<p>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> <p>(b) disclose that policy or a summary of it; and</p> <p>(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:</p> <p>(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</p> <p>(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.</p>	<p>... the fact that we have a diversity policy that complies with paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of our diversity policy or a summary of it:</p> <p><input checked="" type="checkbox"/> in the Company's Corporate Governance Compliance Manual in the Investor Centre section of its website at www.vectusbiosystems.com.au under Corporate Governance</p> <p>... 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:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraphs (c)(1) or (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.6	<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>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input checked="" type="checkbox"/> in the Company's Remuneration and Nomination Committee Charter in its Corporate Governance Compliance Manual in the Investor Centre section of its website at www.vectusbiosystems.com.au under Corporate Governance</p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.7	<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>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

+ See chapter 19 for defined terms

2 November 2015

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	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</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>(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>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a nomination committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> in the Company's Corporate Governance Compliance Manual in the Investor Centre section of its website at www.vectusbiosystems.com.au under Corporate Governance</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... 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:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</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>... our board skills matrix:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Key to Disclosures Corporate Governance Council Principles and Recommendations

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: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i> ... and, where applicable, the information referred to in paragraph (b): <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i> ... and the length of service of each director: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> 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: <input type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>	<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> 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: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> 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: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> 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: <input type="checkbox"/> in our Corporate Governance Statement OR <input checked="" type="checkbox"/> in the Company's Corporate Governance Compliance Manual in the Investor Centre section of its website at www.vectusbiosystems.com.au under Corporate Governance	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

Key to Disclosures Corporate Governance Council Principles and Recommendations

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	<p>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>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</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>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have an audit committee that complies with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at [insert location]</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> in the Company's Corporate Governance Compliance Manual in the Investor Centre section of its website at www.vectusbiosystems.com.au under Corporate Governance ... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement AND</p> <p><input checked="" type="checkbox"/> in the About Us section of the Company's website under Leadership Team (which can be found in the Investor Centre section) AND</p> <p><input checked="" type="checkbox"/> in the Directors' Report in the Company's Annual Report.</p> <p>[If the entity complies with paragraph (b):]</p> <p>... 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:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at [insert location]</p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
4.2	<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, 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>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at [insert location]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Key to Disclosures Corporate Governance Council Principles and Recommendations

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.	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity that does not hold an annual general meeting and this recommendation is therefore not applicable</p>
PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE			
5.1	A listed entity should: <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>... our continuous disclosure compliance policy or a summary of it:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input checked="" type="checkbox"/> in the Company's Corporate Governance Compliance Manual in the Investor Centre section of its website at www.vectusbiosystems.com.au under Corporate Governance</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
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.	<p>... information about us and our governance on our website:</p> <p><input checked="" type="checkbox"/> at www.vectusbiosystems.com.au, particularly in the Investor Centre and About Us sections</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</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>... our policies and processes for facilitating and encouraging participation at meetings of security holders:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement AND</p> <p><input checked="" type="checkbox"/> in our Shareholders Communications Policy, which is available in the Company's Corporate Governance Compliance Manual in the Investor Centre section of its website at www.vectusbiosystems.com.au under Corporate Governance</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity that does not hold periodic meetings of security holders and this recommendation is therefore not applicable</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>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Key to Disclosures Corporate Governance Council Principles and Recommendations

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	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</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>(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>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> in the Company's Corporate Governance Compliance Manual in the Investor Centre section of its website at www.vectusbiosystems.com.au under Corporate Governance</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement AND</p> <p><input checked="" type="checkbox"/> in the Directors' Report in the Company's Annual Report.</p> <p>[If the entity complies with paragraph (b):]</p> <p>... 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:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
7.2	<p>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>... 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:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and that such a review has taken place in the reporting period covered by this Appendix 4G:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Key to Disclosures Corporate Governance Council Principles and Recommendations

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.	<p>[If the entity complies with paragraph (a):] ... how our internal audit function is structured and what role it performs:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[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:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<input type="checkbox"/> 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.	<p>... 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:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

Appendix 4G

Key to Disclosures Corporate Governance Council Principles and Recommendations

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	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</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>(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>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a remuneration committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at [insert location]</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> in the Company's Corporate Governance Compliance Manual in the Investor Centre section of its website at www.vectusbiosystems.com.au under Corporate Governance</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at [insert location]</p> <p>[If the entity complies with paragraph (b):]</p> <p>... 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:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at [insert location]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</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>... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input checked="" type="checkbox"/> in the Remuneration Report in our Annual Report</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.3	<p>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>... our policy on this issue or a summary of it:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement AND</p> <p><input checked="" type="checkbox"/> in the IPO Prospectus dated 23 November 2015</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Key to Disclosures Corporate Governance Council Principles and Recommendations

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
ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES			
-	<p><i>Alternative to Recommendation 1.1 for externally managed listed entities:</i></p> <p>The responsible entity of an externally managed listed entity should disclose:</p> <p>(a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity;</p> <p>(b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.</p>	<p>... the information referred to in paragraphs (a) and (b):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
-	<p><i>Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:</i></p> <p>An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.</p>	<p>... the terms governing our remuneration as manager of the entity:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>