



1 September 2020

The following Corporate Governance Statement as at 31 August 2020 is provided in accordance with Listing Rule 4.10.3.

Brett Crowley
Company Secretary

[About Uscom](#)

Uscom Limited (UCM): An ASX listed innovative medical technology company specialising in development and marketing of premium non-invasive cardiovascular and pulmonary medical devices. Uscom has a mission to demonstrate leadership in science and create noninvasive devices that assist clinicians improve clinical outcomes. Uscom has three practice leading suites of devices in the field of cardiac, vascular and pulmonary monitoring; the USCOM 1A advanced haemodynamic monitor, Uscom BP+ central blood pressure monitor, and the Uscom SpiroSonic digital ultrasonic spirometers. Uscom devices are premium resolution, noninvasive devices which deploy innovative and practice leading technologies approved or submitted for FDA, CE, CFDA and TGA regulatory approval and marketing into global distribution networks. For more information, please visit: www.uscom.com.au



CORPORATE GOVERNANCE STATEMENT

This statement outlines the Corporate Governance framework and practices adopted by the Board of Directors of Uscom Limited (**the Board**) and in place for the financial year ended 30 June 2021, by reference to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd Edition) (**the Recommendations**). The Statement was approved by the Board on the 31 August 2020.

The Board and Senior Management of Uscom are committed to acting responsibly, ethically and with high standards of integrity as the Company strives to create shareholder value. Uscom is committed to implementing the highest standards of corporate governance appropriate for a company of its size and operations.

The Board considers and applies the Recommendations taking into account the circumstances of the Company. Where the Company's practices depart from a Recommendation, this Statement identifies the area of divergence and reasons for it, or any alternative practices adopted by the Company.

The Board has established a number of corporate governance documents consistent with the Recommendations which form the basis of the Company's corporate governance framework – these documents are referenced in this Corporate Governance Statement where relevant, and are as follows:

- Uscom Board Charter (updated and adopted 27 May 2015);
- Uscom Continuous Disclosure & Shareholder Communications Policy (updated and adopted 27 May 2015);
- Uscom Code of Conduct (updated and adopted 27 May 2015); and
- Uscom Securities Trading Policy (updated and adopted 27 May 2015).

The corporate governance documents are available on the Uscom website under "Investor" then "Corporate Governance."

http://uscom.com.au/investor/corp_governance.html

Principle 1:

Lay solid foundations for management and oversight

The Board has primary responsibility for guiding and monitoring the business and affairs of Uscom, including compliance with the Company's corporate governance framework, and in conjunction with senior management, setting the strategic direction of the Company.

It is the role of Senior Management to manage the Company in accordance with the direction and delegation of the Board and the responsibility of the Board to provide leadership to, and oversee the activities of Management in carrying out these delegated duties.

The Board Charter sets out the roles and responsibilities of the Board, including those matters specifically reserved to the Board. The Charter also sets out the role and responsibility of the Chief Executive Officer, which is primarily the day to day management of the Company, supported by the senior management team.

The Board Charter provides that prior to the appointment of a new Director, and before a candidate is put forward as a candidate for election as a Director, appropriate checks will be undertaken including checks regarding the person's experience, education, disqualification from holding certain offices, criminal record and bankruptcy history. At any AGM the Company provides shareholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

Non-executive Directors are provided with a formal letter of appointment which sets out the key terms, conditions, responsibilities and expectations of their appointment. Senior Management are employed under individual service contracts which set out their terms of employment including details of their duties, responsibilities, rights and remuneration entitlements.

The Board Charter provides that Directors may seek independent professional advice at the expense of the Company, when considered necessary to discharge their responsibilities to the Company. Any such advice is the property of the Company and may be provided to the other Directors.

The Board Charter provides that the Company Secretary is accountable to the Board through the Chairman for all matters concerning the proper functioning of the Board, including advising on governance matters, monitoring that the Board's policies and procedures are followed and ensuring that the business at Board meetings is accurately captured in the minutes. As a matter of practice, where the Board is considering any matters relating to the Executive Chairman in his capacity as Chief Executive Officer, the Company Secretary reports and is accountable to the Non-Executive Directors.

The Board does not have a formal Diversity Policy in place and has not established measurable objectives for achieving measurable objectives for achieving gender diversity at this time. Given the small size of the Company workforce and the stage of the Company's development, the Board considers that it is not currently necessary or practical to establish a Diversity Policy or have measurable objectives aimed at achieving gender diversity. The Company seeks to promote and support an appropriate mix of diversity on its Board, in senior management and the organisation more generally. The Board will continue to review this matter, including whether it may be appropriate to establish a formal framework in this regard as the Company meets its strategy and grows.

The proportion of women employees in the whole organisation, women in senior management positions and women on the Board are set out in the following table:

	Proportion of Women
Whole Organisation	11 of 32 (34%)
Senior Management Positions	2 of 5 (40%)
Board	0 of 4 (0%)

Recommendation 1.5(c)(1)

The Board has not established a formal process for evaluating its performance and that of individual directors to date. Given the small size of the Board, to date the Directors have considered that they have been able to assess and monitor each other's performance on an ongoing basis, and raise any concerns as they arise. The Board Charter provides that the Board is responsible for undertaking a formal evaluation process to review its performance once a year, therefore the Board will review this matter with a view to establishing a formal evaluation process in the next reporting period.

There is currently no formal evaluation process in place by which the Board assesses the performance of senior management against specific measurable performance criteria. The Board considers that given the size of the Company and the stage of its development, it is most appropriate to assess senior management's performance on a continuous informal basis.

Principle 2:

Structure the Board to add value

The current Board has 4 Directors. The Executive Chairman and Chief Executive Officer is Rob Phillips. There are two independent Non-Executive Directors, Christian Bernecker and Brett Crowley. Mr Xianhui Meng is non-executive but is not regarded as being independent as he is a substantial shareholder of the Company. The Board Charter provides that an independent director is determined by reference to the factors set out in Box 2.3 of the Recommendations. Further details about the Directors, including their tenure, skills, experience and expertise relevant to the position of director, and their non-executive and independent status, are set out in the Directors' Report on page 16 of the 2020 Annual Report.

The Executive Chairman Rob Phillips is not independent. The Board considers it is appropriate that Dr Phillips undertakes this role, given his specific qualifications, knowledge and experience, and deep understanding of the Company, its products and operations. The Board has also taken into account the size of the Company and the Board, and the stage of development of the Company's business and strategy.

The Board Charter sets out the distinct responsibilities of the role of the Executive Chairman and the Non-Executive Directors, and provides that an Independent Director will be appointed to fulfil the role of Chairman whenever the Executive Chairman is conflicted.

Dr Phillips is also the Chief Executive Officer of the Company, and therefore the role of the Chairman and Chief Executive Officer are undertaken by the same person. The Board believes this is appropriate, for the reasons given above in relation to Dr Phillips' role as Executive Chairman.

The Board has not established a Nominations Committee at this time, given the current size and composition of the Board and Company, and taking into account that it is not likely that the size of the Board will increase in the short to medium-term. The Board carries out the functions that would ordinarily be carried out by a Nomination Committee.

The Board considers that there is currently an appropriate mix of skills, diversity and experience on the Board, taking into account the size of the company, the stage of its development and the nature of its operations. The Company seeks to maintain a Board of Directors with a broad range of relevant financial, industry and other relevant skills, experience and knowledge. The Board has not developed a skills matrix at this time. The Board considered the attributes of its current Directors at the time of their appointment, including the specific skills, experience, expertise and diversity they brought to the Board, in light of the Company's stage of development, its operations and strategy. To date the Board has considered that given its small size, it is able to identify any possible gaps in Board skills. However, the Board believes that a skills matrix would provide a sound basis for both Board evaluation purposes and to assist in identifying what may be required of future Board candidates, in the event it determines to appoint a new Director. The Board intends to establish a skills matrix in the next reporting period. The Board will also consider establishing plans to manage the succession of senior management in the next reporting period.

The Board Charter provides that each new Director will be required to participate in an induction program to familiarise themselves with the Company, its strategy and operations, and policies and procedures. Directors may undertake and request training as appropriate for their role, with the permission of the Chairman. The Charter also provides that in carrying out their duties and responsibilities, Directors may seek independent professional advice at the Company's expense, after consultation with the Chairman.

Principle 3:

Promote ethical and responsible decision making

The Board is committed to ensuring that the Company maintains the highest standards of integrity, honesty and fairness in its dealings with all stakeholders, and that the Company complies with all legal and other obligations. The Company has established a Code of Conduct (the Code) which applies to all directors, senior management and staff (Employees). The Code promotes practices that aim to foster the Company's key values, which include providing a safe and healthy work environment, encouraging Employees to act with fairness, honesty and integrity, being aware of and abiding by relevant laws and regulations and maintaining high standards of professional behaviour. Employees are expected to be honest and ethical in their dealings with each other and all stakeholders.

The Company's Securities Trading Policy applies to all Directors, officers and employees of Uscom. The Policy sets out the prohibitions against insider trading, and prescribes certain requirements for dealing in Uscom securities. All Company personnel are prohibited from trading in Uscom securities while in possession of material non-public information, which is information a reasonable person would expect to have a material effect on the price or value of Uscom securities. The Policy provides for certain black-out periods when no trading may occur.

Principle 4:

Safeguard integrity in corporate reporting

The Board does not have an Audit Committee, having dissolved its Audit Committee in February 2014. The Board considers that taking into account the size of the Company and the Board, the nature of the Company's operations and the stage of the Company's development, it is not necessary to have a separate Audit Committee. The functions that would ordinarily be undertaken by an Audit Committee, including issues relating to the Company's financial information and review of the Company's risk controls and processes, are primarily carried out by the two Non-Executive Directors. Non-Executive Director Brett Crowley is an experienced financial professional who has held senior positions in that capacity.

The Board has not currently established a formal procedure for the selection, appointment and rotation of the external auditor. The performance of the external auditor is reviewed on an ongoing basis by the Board.

Prior to approval of the Company's half year and annual financial reports, the Executive Chairman and General Manager are required to provide the Board with written assurances in relation to the half year and annual financial reports that the declaration provided in accordance with section 295A of the Corporations Act 2001(Cth) is founded on a sound system of risk management and internal compliance and control and that the system is operating effectively in all material respects in relation to financial reporting risks. These assurances were provided in the reporting period.

The external auditor attends the Company's Annual General Meeting and is available to answer shareholder questions about the conduct of the audit and preparation and conduct of the Independent Auditor's Report. Shareholders are also given the opportunity to submit written questions prior to the meeting. The Company considers that this is important in promoting and encouraging shareholder participation and reflects and supports the roles of the auditor and the auditor's accountability to shareholders.

Principle 5:

Make timely and balanced disclosure

The Company's Continuous Disclosure Policy and External Communications Policy sets out the policies and procedures relating to:

- Uscom's continuous disclosure obligations under the ASX Listing Rules and Corporations Act 2001 (Cth);
- How Uscom staff are required to deal with potentially price-sensitive information, and communications with external stakeholders such as the media, security holders and the community to ensure that the Company meets its continuous disclosure obligations; and
- The Company's shareholder communications policy generally.

It is Uscom's policy to ensure that all market participants have an equal opportunity to review and access material information made available by the Company, and that the Company complies with both the letter and spirit of its continuous disclosure obligations under the ASX Listing Rules and the Corporations Act.

The Continuous Disclosure and External Communications Policy facilitates compliance with the Company's continuous disclosure obligations by setting out procedures that must be followed if staff become aware of material information, and the obligations of senior management and the Board to continuously assess and consider continuous disclosure matters. The Policy specifies those persons authorised to speak to ASX or other external parties in relation to the Company, and those disclosure matters that fall within the reserved powers of the Board. Other matters dealt with in the Policy include:

- dealing with market speculation and rumours;
- trading halts;
- management of information during periods where the Company may be in possession of price-sensitive information;
- analyst briefings; and
- monitoring of media and social media.

Principle 6:

Respect the rights of shareholders

Uscom's Continuous Disclosure and Shareholder Communications Policy sets out its policy and practices in relation to Uscom's commitment to providing shareholders with the necessary information and facilities to allow them to exercise their rights effectively, including:

- providing shareholders with ready access to information about Uscom and its governance;
- communicating openly and honestly with shareholders; and
- encouraging and facilitating shareholder participation in shareholder meetings.

The Company's website www.uscom.com.au provides detailed information about its business and operations. The Investor section of the website provides helpful information to shareholders and a link to Uscom's Share Registrar, Boardroom. The Investor section also provides a link to the ASX share price and Annual and periodic Reports.

Shareholders can find information about the Company's corporate governance practices in the Uscom Corporate Governance section under "Investors". This includes the Company's Constitution, Board and Charter and the Company's corporate governance policies.

The Company provides shareholders with the option of receiving communications from, and sending communications to, the Company and Share Registry electronically, for reasons of cost, convenience and environmental considerations. The Company provides a printed copy of the Annual Report only to those shareholders who have specifically elected to receive a printed copy. Other shareholders are advised that the Annual Report is available on the Company's website.

Shareholders are encouraged to register on the Company website to receive email alerts of ASX Announcements and Media Releases and other news.

The Company's Share Register is managed and maintained by Boardroom Limited. Shareholders can access their shareholding details or make enquiries about their shareholding electronically through the link provided on the Uscom website in the Investor section, or through the Boardroom InvestorServe facility or by emailing enquiries@boardroomlimited.com.au.

The Company has not implemented a formal investor relations program to facilitate effective two-way communication with investors. The Board will consider establishing such a program when it believes it is appropriate, taking into account the Company's stage of development, and the resources available to the Company.

Principle 7:

Recognise and manage risk

The Board is responsible for oversight of risk, including monitoring and review of risk management matters delegated to senior management. To date, the Board has not established a formal risk management framework and does not conduct formal periodic reviews of the effectiveness of specific risk controls. The Board assesses the Company's material business risks and controls, including accounting, financial and operating controls, on an informal and ongoing basis. The Board intends to establish a formal risk management framework and processes for monitoring the effectiveness of that framework in the next reporting period.

The Company does not retain an Internal Audit function. The Board considers this is appropriate, taking into account the Company's stage of development, the scale of its operations and the relative simplicity of its finance function. The Board intends to review the processes it employs to evaluate risk management processes and internal control processes as part of its overall consideration of its risk management framework in the next reporting period.

The Board does not consider that the Company has any material exposure to economic, environmental and social sustainability risks.

Principle 8:

Remunerate fairly and responsibly

The Board has not established a Remuneration Committee.

The Board is responsible for:

- reviewing the performance and remuneration of senior management. In the case of the Executive Chairman the two non-executive Directors are responsible for review of Dr Phillips' performance and remuneration package;
- establishing the remuneration framework for non-executive directors, within the threshold approved by shareholders; and
- reviewing and determining equity-based remuneration plans for senior management and employees.

The Company's remuneration structure distinguishes between non-executive Directors and that of the Executive Chairman and Senior Management. The Remuneration Report required under section 300A of the Corporations Act 2001 (Cth) is provided in the Directors' Report on pages 18-23 of the 2020 Annual Report.

The Company's Securities Trading Policy specifically prohibits Directors and senior management from entering into transactions which would limit the economic risk of any unvested entitlements under any equity-based remuneration schemes.

Further, Directors and senior management are prohibited from entering into margin loan arrangements or other arrangements whereby their securities in the Company may be used as collateral, without prior approval. Breaches of this policy are regarded as serious misconduct.