

2020 Corporate Governance Statement

The Board of Quantum Health Group Limited ASX:QTM (the **Company** or **Group**) is responsible for the overall corporate governance of the Group. The Board believes that good corporate governance helps ensure the future success of the Company, adds value to stakeholders and enhances investor confidence.

The ASX Listing Rules require listed companies to prepare a statement disclosing the extent to which they have complied with the recommendations of the ASX Corporate Governance Council (**Recommendations**) during the reporting period. The Recommendations are not prescriptive, such that if a company considers a recommendation to be inappropriate having regard to its own circumstances, it has the flexibility not to follow it. Where a company has not followed all the Recommendations, it must identify which Recommendations have not been followed and provide reasons for not following them.

This Corporate Governance Statement (**Statement**) discloses the extent to which the Company has followed the Recommendations, or where appropriate, indicates a departure from the Recommendations with an explanation. This Statement should be read in conjunction with the material on our website www.qhealthcare.com.au/cg including the 2020 Annual Report.

This Statement is current as at 31 August 2020 and has been approved by the Board of Directors of the Company.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Recommendation 1.1 - Role of the Board and Management

The role of the Board is to approve the strategic direction of the Group, guide and monitor the management of the Company and its businesses and oversee the implementation of appropriate corporate governance with respect to the Group's affairs. The Board aims to protect and enhance the interests of its shareholders, while taking into account the interests of other stakeholders, including employees, customers, suppliers and the wider community.

The Board has a formal Board Charter which is available on our website at www.qhealthcare.com.au/cg that sets out those matters expressly reserved for the Board's determination and those matters delegated to management.

The Board delegates responsibility for the day-to-day management of the Company and its businesses to the Executive Chairman. The Executive Chairman is supported by the senior executive team and delegates authority to appropriate senior executives for specific activities. The Board maintains ultimate responsibility for strategy, control and risk profile of the Group.

Recommendation 1.2: Appointment of Directors

The Nomination Committee (or in its absence, the Board) facilitates the selection and appointment of Directors. Before the Board appoints a new Director or puts forward a candidate for election, the Nomination Committee will ensure that appropriate background checks are undertaken. We provide our shareholders with all material information in our possession that is relevant to their decision on whether or not to elect or re-elect a Director through a number of channels, including via the notice of meeting and other information contained in the 2020 Annual Report.

Recommendation 1.3: Appointment Terms

Upon appointment, each Director receives a letter of appointment which sets out the formal terms of their appointment. Directors also receive a deed of indemnity, insurance and access.

Each Director has a written contract with the Company, setting out the terms of his or her appointment, including remuneration entitlements and performance requirements.

Recommendation 1.4: Company Secretary

The Board is supported by the Company Secretary, whose role includes supporting the Board on governance

matters, assisting the Board with meetings and directors' duties, and acting as an interface between the Board and senior executives across the Group. The Board and individual Directors have access to the Company Secretary.

Under the Company's governance framework, the Company Secretary is accountable to the Board, through the Chair, on all matters regarding the proper functioning of the Board. The Board is responsible for the appointment of the Company Secretary.

Details regarding our Company Secretary, including experience and qualifications, is set out in the Directors' Report in our 2020 Annual Report.

Recommendation 1.5: Diversity Policy

The workforce of the Company comprises individuals with diverse skills, backgrounds, perspectives and experiences and this diversity is valued and respected. To demonstrate the Company's commitment to developing measurable objectives to achieve diversity and inclusion in its workplace, the Company has implemented a Diversity Policy which can be viewed at www.qhealthcare.com.au/cg. The Company's policy has meritocracy as a guiding principle and seeks to align the Company's management systems with its commitment to continue to develop a culture that values and achieves diversity in its workforce and on its Board.

The Board and management considers building a diverse and inclusive workforce as paramount to gaining the best insight into the needs of our customers and stakeholders. A diversity of perspectives and backgrounds also strengthens creativity and innovation in teams. Particular focus is paid to achieving a balance of men and women in senior management positions across the Group.

The proportion of women on the Board, in senior executive positions and women across the entire organisation as at 30 June 2020 was as follows:

	Number / Proportion of Women	Total Number / Proportion
Employees (excluding directors)	70 / 30%	210 / 100%
Senior executive positions	Nil / Nil	2 / 100%
Board	Nil / Nil	3 / 100%

Due to the current size and composition of the organisation the Board does not consider it appropriate to provide measurable objectives at this time. However, the Company is committed to ensuring that the appropriate mix of skills, 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 of the Board is appropriate. As such, the Company does not comply with this Recommendation.

Recommendation 1.6: Board Performance Assessment

The Board is committed to formally evaluating its performance, the performance of its committees (if applicable) and individual Directors, as well as the governance processes supporting the Board. The Board does this through an annual assessment process.

Due to the size of the board and the nature of the business it is not deemed necessary to document a formal review process. No formal performance evaluation of the Board and directors was conducted for the financial year ended 30 June 2020. The chair speaks to each director individually regarding their role as director and outlines opportunities identified to improve Board effectiveness

Recommendation 1.7: Senior Executive Performance Assessment

Senior Executives are appointed by the Board and their Key Performance Indicators (KPI's) contain specific financial and non-financial objectives.

These KPI's are reviewed annually by the Board. The performance of each Senior Executive against these objectives is evaluated annually.

Performance evaluations were not undertaken during the reporting period and will be completed in the upcoming period in accordance with the process.

PRINCIPLE 2 - BOARD STRUCTURE

Recommendation 2.1: Nomination Committee

The Company's Nomination and Remuneration Committee Charter provides for the creation of a Committee, with at least three members, a majority of whom are independent Directors, and which must be chaired by an independent Director. The Nomination Committee Charter is available on our website at www.qhealthcare.com.au/cg.

Due to the size of the Company and its Board, the Board will fulfil the roles and responsibilities of the Nomination and Remuneration Committee.

In accordance with the Company's Nomination and Remuneration Committee Charter the primary function of the Committee is to assist the Board to carry out the following:

- review director competence standards;
- review Board succession plans;
- evaluate the Board's performance;
- make recommendations for the appointment and removal of directors to the Board; and
- make recommendations to the Board on recruitment, retention and termination policies for senior management.

Recommendation 2.2: Board Skills Matrix

Our objective is to have an appropriate mix of expertise and experience on our Board so that it can effectively discharge its corporate governance and oversight responsibilities. It is the Board's view that the current directors possess an appropriate mix of relevant skills, experience, expertise and diversity to enable the Board to discharge its responsibilities and deliver the Company's strategic objectives. This mix is subject to review on a regular basis as part of the Board's performance review process.

The Board does not maintain a formal matrix of Board skills and experience, however the diversity of experience and assessment of any gaps in skills and experiences are a key consideration for any proposed appointment to the Board.

To the extent that any skills are not directly represented on the Board, they are augmented through management and external advisors.

Details of each Directors' relevant skills and experience are set out in the Company's 2020 Annual Report.

Recommendation 2.3: Independent Directors

An independent director is a Non-Executive Director who is not a member of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of judgement.

The Board regularly assesses the independence of each Non-Executive Director in light of the information which each Director is required to disclose in relation to any material contract or other relationship with the Company in accordance with the director's terms of appointment, the Corporations Act 2001, and the Board Charter.

When appointing an independent Director or reviewing the independence of its Directors, the Board will have regard to the definition of independent director and the factors set out in the Recommendations, in particular the factors relevant to assessing the independence of a director set out in Recommendation 2.3.

Details of each Director are set out in the Company's 2020 Annual Report.

Recommendation 2.4: Majority Independence

As at the date of this Statement, the Company does not have a majority of independent directors on the Board.

John Walstab	Managing Director	Non- Independent
Drew Townsend	Non-Executive Director/Chair	Non- Independent
Alan McCarthy	Non-Executive Director	Independent

The Board believes that the people on the Board can and do make independent judgements in the best interests of the Company at all times.

Further information regarding our Directors, including their experience and qualifications, is set out in the Directors' Report of our 2020 Annual Report.

Recommendation 2.5: Board Chair

The Chair, Drew Townsend, was appointed to the position in 2003 and is not considered an independent Director. The Chair provides leadership to the Board in relation to all Board matters and is responsible for ensuring that the Board meets its responsibilities.

Recommendation 2.6: Induction, Education and Training

New Directors are provided with copies of all relevant documents and policies governing the Company's business, operations and management, at the time of joining the Board. All Directors are provided with ongoing professional development and training opportunities to enable them to develop and maintain their skills and knowledge. Directors are also encouraged to personally undertake appropriate training and refresher courses as appropriate to maintain the skills required to discharge their obligations to the Company.

PRINCIPLE 3 - ACT ETHICALLY AND RESPONSIBLY

Recommendation 3.1: Code of Conduct

The Board recognises the need to observe the highest standards of corporate practice and business conduct. The Code of Conduct (**Code**) is intended to provide guidance to the Directors, the Chief Executive Officer, the Chief Financial Officer and any other officers and employees who have the opportunity to materially influence the integrity, strategy and operation of the business and its financial performance. It identifies the practices necessary to maintain public confidence in the company's integrity and it engenders the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

The Code is not intended to address every circumstance, nor is it a summary of all the laws and regulations that apply to the Company. The Board and employees are always expected to use their common sense and best judgement when addressing business conduct issues, and to seek guidance if the best course of action is not clear.

Accordingly, the Board has adopted a Code of Conduct designed to:

- provide a benchmark for professional behaviour throughout the Group;
- support the Company's business reputation and corporate image; and
- make Directors' and employees aware of the consequences if they breach the Code.

The Code can be found on our website www.qhealthcare.com.au/cg

The key aspects of this Code are to:

- act fairly with honesty and integrity in the best interests of the Company and in the reasonable expectations of shareholders;
- act in accordance with all applicable laws, regulations, and the Company policies and procedures;
- have responsibility and accountability for individuals for reporting and investigating reports of unethical practices; and
- use the Company's resources and property properly.

The Code sets out the Company's policies on various matters including ethical conduct, business conduct, compliance, privacy and security of information.

PRINCIPLE 4 - SAFEGUARD INTEGRITY IN CORPORATE REPORTING

Recommendation 4.1: Audit Committee

The Company's Audit and Risk Committee Charter provides for the creation of a Committee. Due to the size of the Board the members of the Audit and Risk Management Committee include all three directors with Drew Townsend as the Chairman of the Committee. This Committee provides assistance in fulfilling the corporate governance and oversight responsibilities of the Board to verify and safeguard the integrity of the financial reporting of the Company.

The Audit and Risk Committee Charter is available on our website at www.qhealthcare.com.au/cg

In accordance with the Company's Audit and Risk Committee Charter the primary function of the Committee is to assist the Board to carry out the following:

- review and monitor the integrity of the Company's financial reports and statements;
- monitor the performance and independence of the external auditor; and
- reviewing the consolidated accounts of the company.

It also has risk management and internal control functions as set out under Recommendation 6.1.

Recommendation 4.2: Assurances

The Chairman and Company Secretary provide an annual declaration to the Board prior to the Board's approval of the Company's full year financial results. This process was followed for the financial results for the 12 months ending 30 June 2020, where the Chairman and Company Secretary provided a declaration to the Board that, in their opinion, the financial records 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 Group, and their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively. On this basis, the financial results for the 12 months ending 30 June 2020 were approved by the Board.

Recommendation 4.3: External Auditor

An invitation is provided to our external auditor to attend the AGM and a representative is available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

Auditor independence declaration is contained in the Directors' Report in our 2020 Annual Report.

The effectiveness, performance and independence of the external auditor is reviewed annually by the Board.

PRINCIPLE 5 - MAKE TIMELY AND BALANCED DISCLOSURE

Recommendation 5.1: Continuous Disclosure Policy

We are committed to providing information to shareholders and to the market in a manner that is consistent with the meaning and intention of the ASX Listing Rules and the Corporations Act.

To comply with these obligations, the Board has adopted a Continuous Disclosure Policy, which is available on our website at www.qhealthcare.com.au/cg. This Continuous Disclosure Policy sets out the key obligations of directors and employees in relation to the Company's continuous disclosure requirements.

The Board has overarching responsibility for compliance with continuous disclosure obligations and Board approval is required for certain key matters (as set out in the Continuous Disclosure Policy) and matters may be referred to the Board for approval by the Non-Executive Chairman or the Company Secretary.

The Board is committed to the promotion of investor confidence by ensuring that trading in the Company's securities takes place in an efficient, competitive and informed market and in compliance with our Securities Trading Policy (as applicable). In accordance with continuous disclosure obligations under the ASX Listing Rules, the Company has procedures in place to ensure that all price sensitive information is identified, reviewed by management and disclosed to the ASX in a timely manner. The Company website includes a link to all information disclosed to the ASX.

PRINCIPLE 6 - RESPECT THE RIGHTS OF SECURITY HOLDERS

Recommendation 6.1: Information and Governance

Information about the Company and its corporate governance policies is available on our website at www.qhealthcare.com.au/cg

The Company also maintains a our website to provide shareholders with links to annual and interim reports, ASX announcements, presentations and other key information.

Recommendation 6.2: Investor Relations

We endeavour to communicate with shareholders and other stakeholders in an open, regular and timely manner so that the market has sufficient information to make informed investment decisions.

Through its shareholder communications, we aim to provide information that will allow existing shareholders, potential shareholders and financial analysts to make informed decisions about the Group's intrinsic value and meet its obligations under the ASX's continuous disclosure regime.

Our investor relations program which includes:

- issuing regular written shareholder communications such as an Annual Report to address the Company's strategy and performance;
- sending and receiving shareholder communications electronically;
- maintaining the Board and corporate governance and investor sections on our website including posting all announcements after they have been disclosed to the market;
- promoting two-way interaction with shareholders, by supporting shareholder participation at general meetings including encouraging shareholders to send their questions to the Company prior to the annual general meeting and responding to their questions and feedback; and
- ensuring that continuous disclosure obligations are understood and complied with throughout the Group.

Shareholder queries should be referred to the Company Secretary in the first instance.

Our Group Policy for Continuous Disclosure is available on our website at www.qhealthcare.com.au/cg.

Recommendation 6.3: Shareholder Meeting Participation

Shareholders may request the Company's Annual Report (it is otherwise made available on the ASX website) and documents relating to each general meeting, being the notice of meeting, any explanatory memorandum and a proxy form and shareholders are invited to attend these meetings.

The Board regards each general meeting as an important opportunity to communicate with shareholders and it provides a key forum for shareholders to ask questions about the Company, its strategy and performance. At shareholder meetings, the Company will provide an opportunity for shareholders and other stakeholders to hear from and put questions to the Board, management and if applicable our external auditor.

Recommendation 6.4: Electronic Communication with Shareholders

Security holders can register with the Company to receive email notifications when an announcement is made by the Company to the ASX, including the release of the Annual Report, half yearly reports and quarterly reports. Links are made available to the Company's website on which all information provided to the ASX is immediately posted.

PRINCIPLE 7 - RECOGNISE AND MANAGE RISK

Recommendation 7.1: Risk Committee

The Company's Audit and Risk Committee Charter provides for the creation of a Committee, with at least three members, a majority of whom are independent Directors, and which must be chaired by an independent Director. The Audit and Risk Committee Charter is available on our website at www.qhealthcare.com.au/cg

Due to the size of the Company and its Board, the Board will fulfil the roles and responsibilities of the Audit and Risk Committee.

In accordance with the Company's Audit and Risk Committee Charter the Committee also has delegated responsibilities in relation to risk management which includes assisting the Board to:

- review and make recommendations regarding the adequacy and integrity of the Company's risk management framework and system of internal controls; and
- reviewing compliance with relevant laws and regulations

Recommendation 7.2: Risk Management Framework

The Group's risk management framework is supported by the Board of Directors, management and the Audit and Risk Committee. The Board is responsible for approving and reviewing the Company's risk management strategy and policy. Management are responsible for monitoring that appropriate processes and controls are in place to effectively and efficiently manage risk. Management are responsible for monitoring compliance with and the effectiveness of risk management systems and controls at a divisional level including financial and non-financial risks. Senior management regularly reports to the Board on the adequacy of its risk management systems, processes and key matters for consideration.

The Board has adopted an Audit & Risk Committee Charter which sets out the Company's system of risk oversight, management of material business risks and internal control. The Company's risk management framework including risk profile and risk registers are reviewed on a periodic basis, and a review was undertaken by the Audit and Risk Committee during this past financial year.

Recommendation 7.3: Internal Audit

The Company does not have an internal audit function so the following measures have been adopted by the Board to monitor risk management:

- Regular monthly reporting of operations and financial results
- Presentations to the Board by key managers on their areas of responsibility
- Annual formal reviews of risks, avenues for mitigation and implementation actions

Recommendation 7.4: Economic, Environmental and Social Sustainability Risk

The Company is not subject to any particular or significant single economic, environmental and social sustainability risk. The Company is subject to a range of general economic risks, including macro-economic risks, government policy (including policy regarding technology and research and development), general business conditions, changes in technology and many other factors.

The Board does not believe the Company has any material exposure to economic and social sustainability risks at the present time.

PRINCIPLE 8 - REMUNERATE FAIRLY AND RESPONSIBILITY

Recommendation 8.1: Remuneration Committee

The Company's Nomination and Remuneration Committee Charter provides for the creation of a Committee, with at least three members, a majority of whom are independent Directors, and which must be chaired by an independent Director. The Nomination Committee Charter is available on our website at www.qhealthcare.com.au/cg

Due to the size of the Company and its Board, the Board will fulfil the roles and responsibilities of the Nomination and Remuneration Committee.

In accordance with the Company's Remuneration and Nomination Committee Charter the Committee has delegated responsibilities in relation to remuneration matters which includes assisting the Board to:

- make recommendations to the Board on:
 - executive remuneration and incentive policies;
 - the remuneration packages of senior management;
 - incentive schemes;
 - superannuation arrangements; and
 - the remuneration framework for directors.

Recommendation 8.2: Remuneration Policies and Practices

The Board is responsible for determining and reviewing remuneration policies for the Directors and senior executives. If necessary, it obtains independent advice on the appropriateness of remuneration packages given trends in comparable companies and in accordance with the objectives of the Company.

Details of the Company's remuneration practices for its Directors and senior executives are disclosed in the Remuneration Report in the Company's Annual Report. The Remuneration Report highlights the balance between fixed pay, short term incentive and long-term incentives, and includes details of the remuneration paid and the relationship to the Company's performance.

Recommendation 8.3: Equity Based Remuneration Scheme

The company currently does not have an equity based remuneration scheme.

The Company has a policy that participants are not permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in any Employee Option Plan.