

Corporate Governance Statement For the Year ended 31 December 2022

Epsilon Healthcare Limited (the **Company**) provides the following statement disclosing the extent to which the Company has followed the Corporate Governance Principles and Recommendations set by the Australian Securities Exchange (**ASX**) Corporate Governance Council. Where the Company has not followed a recommendation, this fact has been disclosed together with the reasons for the departure. This Corporate Governance Statement is current as at 31 March 2023

Further information about the Company's corporate governance practices is set out on the Company's website at <https://epsilonhealthcare.com.au/corporate-governance>

PRINCIPLE	RESPONSE
PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT	
Recommendation 1.1	
The entity should have and disclose a charter, which sets out the respective roles and responsibilities of the board, the chair and management; and includes a description of those matters expressly reserved to the board and those delegated to management.	Complies. The Company's Corporate Governance Plan includes a Board Charter, which discloses the specific responsibilities of the Board. The responsibilities delegated to the senior management team are set out in the Board Charter. The Board Charter can be viewed on the Company's website https://epsilonhealthcare.com.au/corporate-governance .
Recommendation 1.2	
The entity should undertake appropriate checks before appointing a person or putting forward to security holders a candidate for election, as a director. The entity should provide security holders with all material information relevant to a decision on whether or not to elect or re-elect a director.	Complies. The Company conducts background and reference checks for all Directors. The board regularly reviews the composition of the board to ensure that the board continues to have the mix of skills and experience necessary for the conduct of company's activities. In the circumstances where the board believes there is a need to appoint another director, certain procedures will be followed. Shareholders are provided with relevant information on the candidates for re-election.
Recommendation 1.3	
The entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Complies. All Directors and senior executives have written agreements setting out the terms of their appointment.
Recommendation 1.4	
The company secretary of the entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	Complies. The Company Secretaries have been appointed and is accountable directly to the Board, through the Chairperson, on all matters to do with the proper functioning of the Board.

Recommendation 1.5	
The entity should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.	<p>Partly Complies.</p> <p>The Board has established a Diversity Policy.</p> <p>The Diversity Policy can be viewed on the Company's website.</p>
The entity should disclose in its annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	<p>Does not yet comply.</p> <p>The Company at its current stage of development does not have measurable objectives but will reassess these objectives with the growth of the Company. However, The Board is committed to establishing and maintaining employee and board diversity which recognises the strategic and personal advantages that arise from a workplace where decisions are based on merit and all employees are treated equally.</p>
The entity should disclose in its annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	<p>Does not yet comply.</p> <p>The Company at its current stage of development does not have measurable objectives but will reassess these objectives with the growth of the Company.</p>
Recommendation 1.6	
The entity should have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors and disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	<p>Partly complies.</p> <p>Currently the role of the nomination committee is undertaken by the full Board. The Company intends to establish a nomination committee once the Company's operations are of sufficient magnitude.</p> <p>The Board is responsible for evaluating the performance of the Board and individual Directors will be evaluated on an annual basis. It may do so with the aid of an independent advisor.</p>
Recommendation 1.7	
The entity should have and disclose a process for periodically evaluating the performance of its senior executives and disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	<p>Does not comply.</p> <p>Having regard to the size of the Group and the small number of employees, other than the Directors, the Group does not have any senior executives and therefore Recommendation 1.7 is not applicable.</p> <p>Details of the performance evaluations will be set out in future Annual Reports.</p>

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

Recommendation 2.1

The entity's board should have a nomination committee, which has at least three members, a majority of whom are independent directors and is chaired by an independent director.

Does not comply.

The Board has not established a nomination committee as the role of the committee is undertaken by the full Board.

The entity should disclose the charter of the committee, the members of the committee and 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.

Initially the role of the nomination committee will be undertaken by the full Board. The Company intends to establish a nomination committee once the Company's operations are of sufficient magnitude.

If the entity does not have a nomination committee, it should disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively.

The Company does not have a nomination committee. The Board evaluates the skills, experience of its members and then determines whether additional members should be invited to the Board to complement or replace the existing members.

Recommendation 2.2

The entity should have and disclose a board skill matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.

Complies

The Board consists of a relevant blend of personal experience at director level business and corporate experience required by the Group for effective decision-making. Directors are appointed based on the specific operational, corporate and governance skills required by the Group.

The Company follows Recommendation 2.2 by disclosing the Directors' qualifications, experience, date of appointment and independence status, which satisfy the Board skill matrix below, in the Directors' Report section of the Annual Report.

Board skill matrix

Business and finance

- Business strategy, financial literacy, executive management.

Investments

- Corporate Mergers and acquisitions, corporate financing.

Leadership

- Experience in public listed companies, having the ability but limited to setting Board directives and representing the Group appropriately.

Recommendation 2.3

The entity should disclose the names of the directors considered by the board to be independent directors and the length of service of each director.

Complies.

The independence of directors and the length of service of each director is set out in the Company's annual report.

The entity should disclose if a director has an interest, position, affiliation or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendation (4th Edition), 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.

Details of any relevant interest, position, association or relationship impacting upon a director's independence is set out in the Company's annual report.

Recommendation 2.4

A majority of the board of the entity should be independent directors.

Complies.

Recommendation 2.5	
The chair of the board of the entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	Does not comply. The Group does not comply because it has not yet appointed a new CEO.
Recommendation 2.6	
The entity should have a program for inducting new directors and providing appropriate professional development opportunities for continuing directors to develop and maintain the skills and knowledge needed to perform their role as a director effectively.	Does not yet comply. Currently the induction of new Directors and plan for professional development is managed informally by the Company Secretary with the assistance of the Full Board. The Company intends to develop a formal program for inducting new Directors and providing appropriate professional development opportunities.
PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBLY	
Recommendation 3.1	
The entity should articulate and disclose its values.	Complies. All Directors, executives and employees are expected to act with the utmost integrity and objectivity in carrying out their duties and responsibilities, always endeavoring to enhance the reputation and performance of the Group. Every employee has direct access to a director to whom they may refer to any ethical issues that may arise from their employment. In compliance with Recommendation 3.1 Epsilon's Directors, executives and employees are expected to adhere to: <ul style="list-style-type: none"> • Work in harmony and bring out the best in each other; • Consider the impact of our actions on others; • Strive for excellence and quality in our work; • Act with integrity and be accountable for our actions; • Maintain our professional ethical standards to the utmost of integrity; • Be open-minded by recognising others' work and embracing other people innovations and recognition of their contribution.
Recommendation 3.2	
The entity should have and disclose a code of conduct for its directors, senior executives and employees and ensure that the board or a committee of the board is informed of any material breaches of that code.	Complies. The Board has established a Code of Conduct to guide compliance with legal, ethical and other obligations to legitimate stakeholders and the responsibility and accountability required of the Company's personnel for reporting and investigating unethical practices or circumstances where there are breaches of the Code. The Code of Conduct can be viewed on the Company's website.
Recommendation 3.3	
The entity should have a disclose a whistleblower policy and ensure that the board or a committee of the board is informed of any material incidents reported under that policy.	Complies. The Board has established a whistleblower policy to guide compliance with legal, ethical and other obligations to legitimate stakeholders and the responsibility and accountability required of the Company's personnel for reporting and investigating unethical practices or circumstances where there are breaches of the policy. The whistleblower policy can be viewed on the Company's website.

Recommendation 3.4	
<p>The entity should have and disclose an anti-bribery and corruption policy and ensure that the board or committee of the board is informed of any material breaches of that policy.</p>	<p>Complies.</p> <p>The Board has established an anti-bribery and corruption policy to guide compliance with legal, ethical and other obligations to legitimate stakeholders and the responsibility and accountability required of the Company's personnel for reporting and investigating unethical practices or circumstances where there are breaches of the policy.</p> <p>The anti-bribery and corruption policy can be viewed on the Company's website within the Code of Conduct.</p>
PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING	
Recommendation 4.1	
<p>The board of the entity should have an audit committee, which consists only of non-executive directors, a majority of which are independent directors and is chaired by an independent chair, who is not chair of the board.</p> <p>The entity should disclose the charter of the committee, the members of the committee and 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</p>	<p>Does not comply.</p> <p>The Board has not established an Audit and Risk Committee. The Company is not of a size that justifies having a separate committee to oversee risk, so matters typically considered by such a committee are dealt with by the full Board.</p> <p>The Board has established an Audit and Risk Committee Charter governing the Audit and Risk Committee which is available on the Company's website (under "Corporate Governance").</p>
Recommendation 4.2	
<p>The board should disclose whether it has, before approving the entity's financial statements for a financial period received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) a declaration that the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively in all material respects in relation to financial reporting risks.</p>	<p>Complies.</p> <p>The Board requires the Chief Executive Officer and Chief Financial Officer to provide such a statement before approving the entity's financial statements for a financial period.</p>
Recommendation 4.3	
<p>The entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.</p>	<p>Complies.</p> <p>From time to time, The Company releases periodic corporate reports which are not subject to review or audit by Epsilon's external auditors. Such is the case of the Preliminary Final Report (Appendix 4E and 4D) and Quarterly Cashflow report Appendix 4C. The Preliminary Final Reports are subject to approval by the Board before release and this approval process includes confirmation from management to the Directors that the relevant report has been reviewed and is accurate.</p>

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

Recommendation 5.1

The entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.

Complies.

The Company has a written policy on information disclosure. The focus of these policies and procedures is continuous disclosure and improving access to information for investors.

Details of the entity's continuous disclosure policy can be viewed on the Company's website.

Recommendation 5.2

The entity should ensure that its board receives copies of all material market announcements promptly after they have been made.

Complies.

The Company has a policy whereby all directors receive copies of all announcements released to the market.

Recommendation 5.3

The entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.

Complies.

The Company has a policy whereby all investor or analyst presentations are released to the market, in compliance with the Company's continuous disclosure requirements and policy, as noted in Recommendation 5.1.

PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS

Recommendation 6.1

The entity should provide information about itself and its governance to investors via its website.

Complies.

The Company has provided specific information about itself and its key personnel and has developed a comprehensive Corporate Governance Plan.

Details can be found at the Company's website.

Recommendation 6.2

The entity should design and implement an investor relations program to facilitate effective two-way communication with shareholders.

Complies.

The Company has established a Shareholder's Communication Policy. The Company recognises the importance of forthright communications and aims to ensure that the shareholders are informed of all major developments affecting the Company.

Details of the Shareholder's Communication Policy can be found at the Company's website.

Recommendation 6.3

The entity should disclose the policies and processes it has in place to facilitate and encourage participation at general meetings.

Complies.

The Shareholder's Communication Policy is available on the Company's website and details are set out in the Company's annual report.

Recommendation 6.4

The entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.

Complies.

The Company has a policy to ensure all resolutions put to security holders are decided by a poll.

Recommendation 6.5

A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.

Complies.

The Company has provided the option to receive communications from, and send communications to, the entity and its security registry electronically.

A copy of the Shareholder Communications Policy is available on the Company's website.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

Recommendation 7.1

The board of the entity should have a committee or committees to oversee risk each of which has at least three members, a majority of whom are independent directors and is chaired by an independent director.

Complies (see also Recommendation 4.1).

The Company is not of a size that justifies having a separate committee to oversee risk.

The roles ordinarily undertaken by a Risk Committee are dealt with by the full Board.

The entity should disclose the charter of the committee, the members of the committee and 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.

Details of the Audit and Risk Committee Charter is available on the Company's website.

Recommendation 7.2

The board or board committee should review the entity's risk management framework with management at least annually to satisfy it that it continues to be sound, to determine whether there have been any changes in the material business risks the entity faces and to ensure that they remain within the risk appetite set by the board.

Complies.

Currently the board determines the Company's "risk profile" and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control.

A copy of the risk management framework is available on the Company's website.

The entity should also disclose in relation to each reporting period, whether such a review has taken place.

Details of the number of times a risk management review in relation to each reporting period is disclosed in the Company's annual report.

Recommendation 7.3

The entity should disclose if it has an internal audit function, how the function is structured and what role it performs.

If the entity does not have an internal audit function, the entity should disclose that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.

Does not yet comply.

The Company does not have an internal audit function. The function is currently undertaken by the full board. The board intends to establish and implement the structure and role of the internal audit function once the Company's operations are of sufficient magnitude.

Recommendation 7.4

The entity should disclose whether, and if so how, it has regard to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.

Complies.

In compliance with Recommendation 7.4, the material manageable risks which the Group is exposed to include, operational risks, capital risks and human resources risks as follows:

- Global events;
- obtaining government approvals;
- the ability to raise additional capital; and
- recruiting and retaining qualified personnel.

The full Board is responsible to oversee the risk management function and implementing an appropriate level of control to mitigate these risks within the Group. The full Board reviews all major Group strategies and decisions and takes appropriate actions on a continuous basis.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY	
Recommendation 8.1	
The board should establish a remuneration committee, which has at least three members, a majority of whom are independent directors and is chaired by an independent director.	Does not yet comply. The full board maintains this function at present.
If the entity does not have a remuneration committee, the entity should 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.	The Board has adopted a Remuneration Committee Charter. However, the Company is not of a size that justifies having a separate Remuneration Committee so matters typically considered by such a committee are dealt with by the full Board.
Recommendation 8.2	
The entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives and ensure that the different roles and responsibilities of non-executive directors compared to executive directors and other senior executives are reflected in the level and composition of their remuneration.	Complies. The Company's Share Trading Policy prohibits executive staff from undertaking hedging or other strategies that could limit the economic risk associated with Company Securities issued under any equity-based remuneration scheme. The Share Trading Policy can be viewed on the Company's website.
Recommendation 8.3	
If the entity has an equity-based remuneration scheme, the entity should 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 disclose that policy or a summary of it.	Complies. The Company's Share Trading Policy prohibits executive staff from undertaking hedging or other strategies that could limit the economic risk associated with Company Securities issued under any equity-based remuneration scheme. The Share Trading Policy can be viewed on the Company's website.
PRINCIPLE 9: ADDITIONAL RECOMENDATIONS	
Recommendation 9.1	
A listed entity with a director who does not speak the language in which the board or security holders meetings are held or key corporate documents are written should disclose the processes it has in place to ensure the director understand	Not applicable
Recommendation 9.2	
A listed entity established outside Australia should ensure the meetings are held at a reasonable place and time.	Not applicable
Recommendation 9.3	
A listed entity established outside Australia, and externally managed listed entity that has an AGM, should ensure that an external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Not applicable as the Company is established in Australia.