

## Appendix 4G

### Key to Disclosures Corporate Governance Council Principles and Recommendations

Name of entity:

Memphasys Limited

ABN / ARBN:

33 120 047 556

Financial year ended:

30 June 2018

Our corporate governance statement<sup>2</sup> for the above period above can be found at:<sup>3</sup>

☐ These pages of our annual report:

☒ This URL on our website:

<http://www.memphasys.com.au/corporate-governance.php>

The Corporate Governance Statement is accurate and up to date as at 30 August 2018 and has been approved by the board.

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

Date: 30 August 2018

Name of Director or Secretary authorising  
lodgement:

**Alison Coutts, Executive Chair, Memphasys Limited**

<sup>1</sup> 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.

<sup>2</sup> "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.

<sup>3</sup> 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 ... <sup>4</sup>
<b>PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b>			
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 <b>OR</b> <input type="checkbox"/> at ... 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"/> at <a href="http://www.memphasys.com.au/corporate-governance.php">http://www.memphasys.com.au/corporate-governance.php</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <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 <b>OR</b> <input type="checkbox"/> at	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <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 <b>OR</b> <input type="checkbox"/> at	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <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 <b>OR</b> <input type="checkbox"/> at	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable

<sup>4</sup> 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.

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 ... <sup>4</sup>
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 type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at</p> <p>... and a copy of our diversity policy or a summary of it:</p> <p><input checked="" type="checkbox"/> at <a href="http://www.memphasys.com.au/corporate-governance.php">http://www.memphasys.com.au/corporate-governance.php</a></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 type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at [insert location]</p> <p>... and the information referred to in paragraphs (c)(1) or (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></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 <u>OR</u></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 checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at [insert location]</p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></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 <u>OR</u></p> <p><input type="checkbox"/></p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

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 ... <sup>4</sup>
<b>PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE</b>			
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 type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="http://www.memphasys.com.au/corporate-governance.php">http://www.memphasys.com.au/corporate-governance.php</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/></p> <p>[If the entity complies with paragraph (b):] – Not Applicable</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 <b>OR</b></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 <b>OR</b></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 <b>OR</b></p> <p><input type="checkbox"/></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

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 ... <sup>4</sup>
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 <b>OR</b> <input type="checkbox"/> ... and, where applicable, the information referred to in paragraph (b): <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> ... and the length of service of each director: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> In the Annual Report	<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 <b>OR</b> <input type="checkbox"/>	<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <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 type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/>	<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <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 <b>OR</b> <input type="checkbox"/>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
<b>PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY</b>			
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 checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

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 ... <sup>4</sup>
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 <b>OR</b></p> <p><input type="checkbox"/></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="http://www.memphasys.com.au/corporate-governance.php">http://www.memphasys.com.au/corporate-governance.php</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/></p> <p>[If the entity complies with paragraph (b):] – Not Applicable</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 <b>OR</b></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>
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 <b>OR</b></p> <p><input type="checkbox"/></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

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 ... <sup>4</sup>
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.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity that does not hold an annual general meeting and this recommendation is therefore not applicable
<b>PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE</b>			
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	... our continuous disclosure compliance policy or a summary of it: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
<b>PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS</b>			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	... information about us and our governance on our website: <input checked="" type="checkbox"/> at <a href="http://www.memphasys.com.au/corporate-governance.php">http://www.memphasys.com.au/corporate-governance.php</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
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.	... our policies and processes for facilitating and encouraging participation at meetings of security holders: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <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
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.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <a href="http://www.memphasys.com">www.memphasys.com</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

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 ... <sup>4</sup>
<b>PRINCIPLE 7 – RECOGNISE AND MANAGE RISK</b>			
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 <b>OR</b></p> <p><input type="checkbox"/></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="http://www.memphasys.com.au/corporate-governance.php">http://www.memphasys.com.au/corporate-governance.php</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/></p> <p>[If the entity complies with paragraph (b):] – Not Applicable</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 <b>OR</b></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 <b>OR</b></p> <p><input type="checkbox"/></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 <b>OR</b></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>



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 ... <sup>4</sup>
7.3	<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>[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 <b>OR</b></p> <p><input type="checkbox"/></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 <b>OR</b></p> <p><input type="checkbox"/></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
7.4	<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>... 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 <b>OR</b></p> <p><input type="checkbox"/></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

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 ... <sup>4</sup>
<b>PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY</b>			
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 type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="http://www.memphasys.com.au/corporate-governance.php">http://www.memphasys.com.au/corporate-governance.php</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/></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 <b>OR</b></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 <b>OR</b></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 checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></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 <b>OR</b></p> <p><input type="checkbox"/></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

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 ... <sup>4</sup>
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): - Not Applicable</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/></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 <u>OR</u></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>

# Memphasys Limited (ABN 33 120 047 556)

## Corporate Governance Statement

### Year Ended 30 June 2018

---

**This statement has been approved by the Board of Memphasys Limited and is current as at 30 August 2018.**

#### **Memphasys Limited's approach to Corporate Governance**

This Corporate Governance Statement addresses the ASX Corporate Governance Council's 'Corporate Governance Principles and Recommendations – 3<sup>rd</sup> Edition' released in 2014 (referred to as 'ASX Principles or Recommendations').

Memphasys continued to review and improve both its policies and procedures in relation to its corporate governance responsibilities and to comply with the requirements of the three-year Enforceable Undertaking entered into with ASIC on 18 December 2014 which has now been completed. Having fulfilled previous commitments in relation to the implementation of governance policies and procedures and the creation of executive remuneration policies and contracts, Memphasys has continued to review these documents during the current 2018 reporting period. Additionally, Memphasys has further developed the Company's risk framework and identification of requisite Board skills to be filled with any future Board appointments.

Memphasys adheres to the ASX Corporate Governance Council recommendations and has provided the requisite Appendix 4G (Key to Disclosures – Corporate Governance Council Principles and Recommendations) which has been lodged with ASX together with this Corporate Governance Statement and its 2018 Annual Report. Further to the information contained in the Appendix 4G, details of Memphasys Limited's ongoing adherence to the ASX Principles and Recommendations are outlined below.

The eight central principles set out in the ASX Principles and Recommendations are as follows:

1. Lay solid foundations for management and oversight
2. Structure the Board to add value
3. Act ethically and responsibly
4. Safeguard integrity in corporate reporting
5. Make timely and balanced disclosure
6. Respect the rights of security holders
7. Recognise and manage risk
8. Remunerate fairly and responsibly

Specific recommendations made in the ASX Principles and Recommendations are intended to give effect to these principles. Memphasys has adopted the eight central principles and has implemented the specific recommendations wherever possible.

In the remainder of this Corporate Governance Statement, Memphasys reports in detail its progress in adopting, implementing and adhering to the specifics of the ASX Principles and Recommendations.

## **Principle 1 Lay Solid Foundations for Management and Oversight**

### **1.1 Roles and Responsibilities**

Memphasys' Board Function and Board Charter (Board Charter) was adopted in July 2015 and is reviewed annually. During the reporting period (February 2018) the Board Charter was reviewed by the Board and approved with minor amendments. The Board Charter is published in the Corporate Governance section of the Company's website at [www.memphasys.com](http://www.memphasys.com). The document clearly outlines the various roles and responsibilities of the Board and management including those items expressly reserved to the Board and those delegated to management.

### **1.2 Director Selection**

During the 2018 reporting period (7 June 2018), Mr Marjan Mikel was appointed to the Board as a non-executive director.

Appropriate pre-appointment checks were conducted, and security holders will have the opportunity of reviewing relevant information prior to voting on the appointment at the 2018 Annual General Meeting (AGM) to be held in November 2018.

### **1.3 Terms of Appointment**

New directors receive letters of appointment stating the effective commencement date of their directorships with Memphasys Limited and remuneration details. Directors have also been provided with extensive induction material as well as opportunities for consultation with the Executive Chairman and other directors in order to deepen their overall understanding of the Company and its operations. An induction kit in line with best practice procedures is provided to new directors joining the Board.

Additionally, the terms of appointment of senior executives were reviewed and approved by the Board during the 2018 reporting period without addition or amendment. Employment contracts clearly state the terms of appointment and the expectations of the Company regarding performance and any performance-based incentives. This includes specifically dealing with claw back provisions for bonuses where key targets are not achieved and other updated terms and conditions to ensure best corporate practice is achieved.

Apart from Mr Mikel, who was provided the relevant appointment letter and induction material when he was appointed a Director in June 2018, no other new senior executives or Board members have been appointed during the 2018 reporting period.

## 1.4 Company Secretary

The Company Secretary services are managed by Mr Andrew Metcalfe, an experienced independent Company secretary and business consultant. Mr Metcalfe was appointed to the position on the 29 November 2016.

Mr Metcalfe is well qualified for the position having been a Company secretary and governance advisor to ASX listed companies for over 20 years.

The Company Secretary has a direct reporting relationship to the Chairman of the Board.

## 1.5 Diversity Policy

Memphasys' Diversity policy was reviewed by the Board in June 2018 without change. The policy is available in the Corporate Governance section of the Company's website, at [www.memphasys.com](http://www.memphasys.com). The policy states Memphasys' general principles in relation to diversity within the organisation. Memphasys is an inclusive workplace that values diversity which encompasses nationality, age, religious beliefs, sexual orientation as well as gender diversity.

Directors have not adopted specific gender targets for the Board, senior executives or for employees generally. Memphasys Limited has only 6 employees and directors are of the view that specific targets are not necessary given the Company's size and current stage of development. The Board also believes that gender diversity has already been achieved with a small professional staff of 3 males and 3 females, one of whom is the Executive Chairman of the Company. Memphasys is an equal opportunity employer.

## 1.6 Periodic Board, Committee and Director Evaluation

Memphasys has an annual evaluation process for the Board, committees and directors which is stated in the Board Charter available on the Company's website. During the reporting period (June 2018), an annual evaluation of the Board was conducted in accordance with the Board Charter. This evaluation was undertaken by utilising a comprehensive Board evaluation document. The results of the questionnaire were collated with results presented to the Board at its next meeting. The evaluation was undertaken by two directors as the third director had just been appointed and was therefore unable to comment. Overall, the directors indicated that the Board was functioning as it should and provided the appropriate forum for discussion of Company business.

The Charters of the Audit and Risk Committee and the Nomination and Remuneration Committee were also reviewed by the Board during the 2018 reporting period and were adopted without change. Committee reviews were also conducted during the period with directors finding both committees working according to their charters.

## Performance Evaluation for Senior Executives

Memphasys sets key performance indicators for its senior executives and performance is evaluated against these targets annually. During the 2018 reporting period, annual reviews against these targets were conducted.

## Principle 2 Structure the Board to Add Value

### 2.1 Nomination Committee

Memphasys Limited has a Nomination and Remuneration Committee, which was chaired by director Mr John Pereira during the 2018 reporting period. While Mr Pereira was originally appointed as an independent director, his firm's subsequent provision of legal advice to the Company changed his designation to non-independent. Following the resignation of Mr Pereira in June 2018 the Company appointed Mr Marjan Mikel as an independent director. Mr Mikel will take on the chairmanship of this committee in line with ASX recommendations for an independent chair.

Other members of the Nomination and Remuneration Committee are Mr Andrew Goodall, a non-independent Non-Executive Director, and Ms Alison Coutts, the Executive Chairman.

The Nomination and Remuneration Committee Charter was reviewed during the reporting period (May 2018) without any change, and the Charter is published in the Corporate Governance section of the Company's website at [www.memphasys.com](http://www.memphasys.com).

During the 2018 reporting period the Nomination and Remuneration Committee met twice with all members attending.

### 2.2 Skills of Directors

The Board is structured to provide a broad mix of skills and experience in biotechnology (representing its main undertaking), business, law and accounting, yet also have specific skills and experience pertaining to other key aspects of Memphasys' business including business strategy, corporate finance, fund raising, marketing, investor relations, engineering and the commercialisation of intellectual property. Directors have access to executive staff to provide specialised information as required.

A Board Skills Gap Analysis was performed in June 2017 (just prior to the 2018 reporting period) based on the Board skills matrix completed at the same time. The gap analysis provided guidance for expanding the skills base of directors to provide for the future needs of the Company. A further review of the Board Skills Matrix was conducted in May 2018 and adopted by the Nomination and Remuneration Committee with recommendations put forward for the recruitment of an independent director. An independent business leader with a medical device commercialization background was identified and recruited to the Board in the 2018 reporting period (June 2018).

### 2.3 Independence of Directors

As at 30 June 2018, the Company had one independent director and two non-independent directors. Memphasys currently has three Directors including the newly appointed independent director Mr Marjan Mikel. During most of the reporting period the three directors including Mr Pereira (who resigned in June 2018) were non-independent. Mr Andrew Goodall is a substantial shareholder and therefore also not considered independent and Ms Alison Coutts is Executive Director and Chairperson. Going forward Memphasys will seek other suitably qualified directors for appointment to the Board at the appropriate time.

The Board assesses the independence of each of the non-executive directors based on the interests and associations disclosed by the directors and in-line with the ASX Principles and Recommendations.

A table setting out the length of service of each of the directors and their current status on the Board is below:

Director	Date Appointed	Executive or Non-Executive	Independent	Next due for re-election
Ms Alison Mary Coutts	29 Nov 2013	Executive	No	2018
Mr Andrew Ernest Goodall	14 Mar 2012	Non-Executive	No	2020
Mr John Pereira	30 Aug 2016	Non-Executive	No	N/A - Resigned 7 June 2018
Mr Marjan Mikel	7 June 2018	Non-Executive	Yes	2018 (ratification of appointment at AGM)

## 2.4 Majority should be Independent Directors

Due to the size and stage of development of Memphasys, the Company has not been able to follow the recommendation of the ASX that a majority of Board members should be independent. Mr Andrew Goodall is considered non-independent as he is a substantial shareholder; Ms Alison Coutts is also a substantial shareholder and performs a pivotal role in her executive leadership position within Memphasys. Mr John Pereira was considered non-independent due to the Company securing the services of his legal firm after his original appointment as an independent director. However, during the reporting period Memphasys actively sought to appoint an independent director and following the resignation of Mr Pereira in June 2018, appointed Mr Marjan Mikel as an independent director. The Company considers that all the directors bring a diverse skill base and are well qualified to represent the Company and its security holders at the present time.

## 2.5 Chair should be Independent and not CEO

During the 2018 reporting period Memphasys has been unable to follow the ASX recommendation that the Chair and CEO of a Company be independent. Over the course of the 2018 reporting period, the Company had an Executive Chairman. This was a measure taken initially to deal with an immediate need to fill the CEO position, a decision by the Board to keep costs to a minimum and due to the biotechnology knowledge and experience that Ms Coutts brings to a complex and challenging business environment.

Memphasys acknowledges that a separation of roles between the chairperson and CEO is best practice corporate governance to minimise the possibility of a lack of transparency and promote constructive debate at Board level. Memphasys will consider appointing an independent chairman in the future should the Company's circumstances permit.

## 2.6 Induction Program for New Directors

As previously stated, the directors are provided with substantial information about Memphasys Limited when commencing their directorships. Given Memphasys' current size, stage of



development, and the significant business and management experience of its directors, there is limited opportunity or necessity to provide additional education for directors.

## **Principle 3 Act Ethically and Responsibly**

Memphasys Code of Conduct was reviewed by the Board in February 2018 and expanded and updated at that time. The Code of Conduct is published in the Corporate Governance section of the Company's website at [www.memphasys.com](http://www.memphasys.com).

The focus of the Code of Conduct is to ensure that all directors, executives and employees act with the utmost integrity and objectivity in carrying out their duties and responsibilities, striving at all times to enhance the reputation and performance of the Company.

The Staff Handbook, as well as training sessions for staff, also emphasise the expectations of the Company regarding conduct of staff and executives in maintaining ethical standards.

## **Principle 4 Safeguard Integrity in Corporate Reporting**

### **4.1 Audit Committee**

Memphasys has an Audit and Risk Committee which oversees the audit functions of the Company and ensures risks are identified and managed. One of the key responsibilities of the Audit and Risk Committee is to oversee Memphasys' relationship with the external auditor and the external audit function generally.

Mr John Pereira chaired the Committee for the three meetings held during the 2018 reporting period. The provision of legal work by Mr Pereira's firm on behalf of Memphasys meant that he was not considered independent.

However, following Mr Pereira's resignation in June 2018, Memphasys had been successful in identifying and appointing an independent director who would take on the chairmanship of this committee in line with ASX recommendations for an independent chair.

Due to the size and stage of development of Memphasys, the Company has been unable to follow the ASX recommendation during the 2018 financial year that all members of the Audit and Risk Committee be independent. However, during the 2018 reporting period each of the committee members, because of their experience in business and finance, was able to significantly contribute to the work of the committee. Within the reporting period and going forward, the Company was able to appoint an independent director to chair the Audit and Risk Committee to align with the ASX recommendation for an independent chair.

The Audit and Risk Committee Charter was reviewed and updated with minor changes in February 2018. The revised Charter is published in the Corporate Governance section of the Company's website at [www.memphasys.com](http://www.memphasys.com).

The Audit and Risk Committee met three times during the 2018 reporting period with all committee members attending.

## **4.2 Financial Statement Confirmation**

Before the Board approves the Company's financial statements for a financial period, it receives a declaration from the CEO and CFO that, in their opinion, the financial records of Memphasys Limited have been properly maintained, that its financial statements comply with the appropriate accounting standards and give a true and fair view of the Company's financial position and performance and that the Company's system of risk management and internal control is operating effectively in relation to financial reporting.

## **4.3 Auditor Attendance at AGM**

Memphasys' external auditor attends the AGM and is available to answer any questions from security holders.

# **Principle 5 Make timely and Balanced Disclosure**

## **5.1 Continuous Disclosure**

Memphasys has a Continuous Disclosure Policy and Communication Strategy which describes the Company's continuous disclosure obligations and how they are managed. The policy clearly states that:

*"The Board recognises its duty to ensure that shareholders are informed of all major developments affecting the state of affairs of Memphasys Limited".*

*"In accordance with legal, statutory and ASX listing requirements (particularly Listing Rule 3.1), Memphasys Limited will disclose all information concerning it, of which it is or becomes aware, that a reasonable person would expect to have a material effect on the price or value of its securities."*

A copy of the policy can be viewed in the Corporate Governance section of the website at [www.memphasys.com](http://www.memphasys.com).

The policy was reviewed by the Board during the 2018 reporting period without change.

## Principle 6 Respect the Rights of Security Holders

### 6.1 Information to Investors via Website

Information on Memphasys as well as its governance policies and procedures are available to investors on the Company's website at [www.memphasys.com](http://www.memphasys.com).

### 6.2 Investor Relations

Memphasys has a specific Investor Relations page on the Company's website, [www.memphasys.com](http://www.memphasys.com), with links to the various documents and announcements the Company issued to the ASX. Contact details are also provided on the website for investors wishing to contact Memphasys directly or the Company's Share Registry.

### 6.3 Participation at Meetings

Security holders are encouraged to participate in meetings via announcements issued to the ASX, information on the Company's website and by mailouts to all security holders prior to the AGM or an EGM.

### 6.4 Communicating Electronically

The Investor Relations page on the Company's website provides email addresses for security holders to communicate electronically with either the Company's Share Registry or Memphasys directly. Security holders are offered the option of receiving information electronically from Memphasys via the Share Registry.

## Principle 7 Recognise and Manage Risk

### 7.1 Risk management policies

As well as overseeing the audit functions of Memphasys, the Audit and Risk Committee ensures potential risks are identified and managed. During the 2018 reporting period all committee meetings were chaired by director, Mr John Pereira. The committee met three times during the 2018 reporting period with all members attending the meetings.

### 7.2 Risk Management Framework

Memphasys manages risk through its Audit and Risk Committee and the Memphasys Board. The Company's risk register provides a framework for risk identification and monitoring and the register was reviewed and updated during the 2018 reporting period. The Risk Matrix was also reviewed regularly and updated to ensure immediate identification of risk priority.

Management and research meetings also provide forums for discussing and monitoring risk. Any suggested mitigation strategies are considered at the Audit and Risk Committee, and by the Memphasys' Board as appropriate.

## 7.3 Internal Audit

Memphasys has no formal internal audit process, however management has implemented a risk and internal control system for assessing, monitoring and managing strategic, operational, financial reporting and compliance risks for the Company. The system is based upon policies, guidelines, delegations and reporting as well as the selection and training of qualified personnel. The internal processes are reviewed by the Company's external auditors during their regular audits.

The Board believes the control framework of formal audits and Company policies and procedures is well suited to the current size, operations and stage of development of the business.

## 7.4 Risk Exposure

Memphasys manages risk through its Audit and Risk Committee and the Memphasys' Board. Risk is also discussed and monitored in management and research meetings where mitigation strategies are devised as appropriate.

During the 2018 reporting period, the main exposure to economic risk for Memphasys, as with many small companies, was the possibility of a major economic downturn which could impact the Company's ability to raise capital. The Board and the Audit and Risk Committee continually monitor the Company's cash flow position and adopt the appropriate strategy to maintain solvency in the face of any economic risk. All legal disputes, which were potential economic/business risks to the Company during this period, were settled during the reporting period.

During the reporting period the Company was engaged solely in research and development having ceased manufacturing with the sale of its gels business in FY2017. The Company considers that with its research and development activities it does not have any notable social sustainability risks.

## Principle 8 Remunerate Fairly and Responsibly

### 8.1 Remuneration Committee

Memphasys Limited has a Nomination and Remuneration Committee. During the 2018 reporting period the committee was chaired by director, Mr John Pereira, who chaired the two meetings held. While Mr Pereira was originally designated independent, his legal firm's subsequent association with Memphasys meant that he was not considered independent during the reporting period. However, during the reporting period and going forward, the Company was able to appoint an independent director, Mr Marjan Mikel, to Chair the Remuneration Committee to align with the ASX recommendation for an independent chair.

Other members of the Nomination and Remuneration Committee are Mr Andrew Goodall, a Non-Executive Director, and Ms Alison Coutts, the Executive Chairman.

The Nomination and Remuneration Committee Charter was reviewed during the 2018 reporting period (June 2018) with no changes recommended and the Committee's Charter is published in the Corporate Governance section of the Company's website at [www.memphasys.com](http://www.memphasys.com).

During the 2018 reporting period the committee met twice with all members attending.

## **8.2 Remuneration Policy**

Memphasys has a Remuneration Policy for non-executive directors, executive directors and senior executives which is published in the Corporate Governance section of the Company's website at [www.memphasys.com](http://www.memphasys.com). The policy was reviewed in June 2018 by the Nomination and Remuneration Committee and approved without change.

## **8.3 Equity Based Remuneration Scheme**

Memphasys has an Equity Based Remuneration Scheme (ESOP) which was revised and approved by shareholders at the Annual General Meeting in 2015. A copy of the ESOP is available upon request by Memphasys employees.

There is no policy regarding employees entering into transactions which limit the economic risk of participating in the scheme.