

20 September 2019

CORPORATE GOVERNANCE STATEMENT

This Corporate Governance Statement sets out the position of Wattle Health Australia Limited ACN 150 759 363 (Company) with regards to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd Edition, 2014) (**Principles and Recommendations**).

While the Principles and Recommendations are not mandatory, the Company is required to disclose the extent to which it complies with the Principles and Recommendations in its annual reports.

ASX BEST PRACTICE RECOMMENDATIONS

Item	ASX Best Practice Recommendation	Comment	Implemented
Principle 1: Lay a solid foundation for management and oversight			
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	The Company's Board Charter which is part of the Company's Corporate Governance Plan sets out the roles and responsibilities of the Board and Management. It is available for review on the Company's website: https://wattlehealth.com.au The Primary Board Charter sets out the specific responsibilities of the Board, requirements as to the Board's composition, the roles and responsibilities of the Chairman and Company Secretary, the establishment, operation and management of Board Committees, Directors' access to Company records and information, details of the Board's relationship with management, details of the Board's performance review and details of the Board's disclosure policy.	Yes
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 Company undertakes checks on any person who is being considered as a director. These checks may include character, experience, education and financial history and background. All security holder releases will contain material information following the guidance contained in the ASX Corporate Governance Principles and Recommendations (3 rd Edition) about any candidate to enable security holders to make informed decisions regarding the candidate's election or re-election.	Yes
1.3	A listed entity should have a written agreement with each director and	The Company requires that a detailed letter of appointment or employment	Yes

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	senior executive setting out the terms of their appointment.	contract is agreed with each director and employee. The Company's officers and management have all entered into service contracts which outline the responsibilities of each of the Company's officers and of management personnel when performing their roles for the Company.	
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 Company's Board Charter sets out the roles and responsibilities of the Company Secretary. It is available for review on the Company's website: https://wattlehealth.com.au The Company Secretary has a direct reporting line to the Board, through the Chair.	Yes
1.5	A listed entity should: (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; (b) Disclose that policy or a summary of it; and (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: (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 (2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality	The Board values diversity and recognises the benefits it can bring to the organisation's ability to achieve its goals. The Board has established a Diversity Policy which is available on its website: https://wattlehealth.com.au The Company has currently set an objective to maintain or increase gender diversity levels within the organisation each year, however, no specific targets have been set. The Company has achieved an appropriate level of gender diversity in accordance with its Diversity Policy. There are currently: <ul style="list-style-type: none">• 1 female directors (of 5) on the Board; and• 1 female senior executive (of 4).• 6 female staff (of 16) The Company intends to maintain a diverse mix of gender among its Directors and executives.	Yes

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	Indicators”, as defined in and published under that Act.		
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 Company has a process of periodic evaluation and disclosure for the board, its committees and individual directors, as set out in its Board Charter. The Board Charter is available on the Company’s website: https://wattlehealth.com.au</p> <p>The Board did not perform a formal performance evaluation during the year. However, the Board will undertake a formal evaluation during FY20.</p>	Yes
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 Board and/or Chief Executive Officer is responsible for evaluating the performance of the senior executives. The evaluation procedure for senior executives is set out in the executives’ formal job description or determined by the Managing Director based on relevant key performance indicators.</p> <p>No formal reviews were conducted during the year in accordance with this process. The Board will conduct a detailed review in FY20.</p>	Yes
Principle 2: Structure the board to add value			
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director,</p> <p>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</p>	<p>The Company has established a Nomination and Remuneration Committee which shall be responsible for ensuring that its officers and executives are remunerated commensurate with their skills and experience and which is reflective of their performance.</p> <p>The current members of the committee are Eric Jiang (chairman), Peter Biantes and Kobe Li, all of whom are independent non-executive directors.</p> <p>The Company has adopted a Charter for the Nomination and Remuneration Committee which sets out the committee’s responsibilities, procedures, guidelines and composition. It is available for review on the Company’s website: https://wattlehealth.com.au</p> <p>The number of times the committee met during the year and the individual attendances of the members at those meetings is detailed in the directors’ report.</p>	Yes

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	<p>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>		
2.2	<p>A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	<p>The Company has a Board skill matrix setting out the mix of skills and diversity that the Board currently in its membership.</p> <p>The Primary Board Charter requires the disclosure of each Board member's qualifications and expertise.</p> <p>Further information is included in the Company's Corporate Governance Policy, which is located on the Company's website https://wattlehealth.com.au</p> <p>Details of the Directors' skills, experience and meeting attendance will be set out in the Directors' report in each year's Annual Report.</p>	Yes
2.3	<p>A listed entity should disclose:</p> <p>(a) The names of the directors considered by the board to be independent directors;</p> <p>(b) If a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) The length of service of each director.</p>	<p>The Board consists of five Directors, three of which are considered as independent non-executive directors, being Eric Jiang, Peter Biantes and Kobe Li.</p> <p>The Board considers each Non-Executive Director to be independent having regard to the indicia in Box 2.3 in the ASX Recommendations. The Board has considered the holdings of shares in the Company by each Non-Executive Director and is of the opinion that their respective interests in shares would not materially interfere with, or could be reasonably perceived to interfere with, the independent exercise of their judgement in their position as a Director. The Board also considers that Eric Jiang, Peter Biantes and Kobe Li are otherwise free from any business or other relationship that could materially interfere with, or reasonably be perceived to interfere with, the independent exercise of their</p>	Yes

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		<p>judgement, and that each of these Directors is able to fulfil the role of Independent Director for the purposes of the ASX Recommendations. It is noted that Mr Kobe Li was also appointed as Company Secretary on 16th April 2019 on a contractual basis. The Board does not consider the appointment contravenes Mr Li's independence as Mr Li is not carrying this role in an executive capacity.</p> <p>Details of the length of service of each director will be set out in the Directors' report in each year's Annual Report.</p>	
2.4	A majority of the board of a listed entity should be independent directors	The Company considers three of the current five directors to be independent, as mentioned in 2.3 above.	Yes
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.	<p>The Executive Chairman, Lazarus Karasavvidis is not an Independent Director.</p> <p>The roles of Chairman and Chief Executive Officer are exercised by the same person, being Mr Karasavvidis.</p> <p>The Board recognises that it is desirable for the Chair of the Board to be an Independent Director, however the Company's current size dictates that this is the most efficient mode of operation at the current time. The Board will consider the appointment of an independent Chairman who is not the Chief Executive Officer.</p>	No.
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.	In accordance with the Company's Primary Board Charter, the Board is responsible for the approval and review of induction and continuing professional development programs and procedures for Directors to ensure that they can effectively discharge their responsibilities. The Company Secretary is responsible for facilitating inductions and professional development.	Yes
Principle 3: Act ethically and responsibly			
3.1	<p>A listed entity should:</p> <p>(a) have a code of conduct for its directors, senior executives and employees; and</p> <p>(b) disclose that code or a summary of it.</p>	<p>The Company is in the process of developing a code of conduct.</p> <p>Refer to the Company's Primary Board Charter for further details on the roles of the Board, which is available on the Company's website: https://wattlehealth.com.au</p>	No
Principle 4: Safeguard integrity in corporate reporting			

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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>The Company has established an Audit and Risk Committee which shall be responsible for monitoring and reviewing financial reporting by the Company.</p> <p>The current members of the committee are Peter Biantes (chairman), Eric Jiang and Kobe Li, all of whom are independent non-executive directors.</p> <p>The Company has adopted a Charter for the Audit and Risk Committee which sets out the committee's responsibilities, procedures, guidelines and composition. It is available for review on the Company's website: https://wattlehealth.com.au</p> <p>The relevant qualifications and experience of the members of the committee are set out in the Company's annual report.</p> <p>The number of times the committee met during the year and the individual attendances of the members at those meetings is detailed in the directors' report.</p>	Yes
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 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</p>	<p>The Board receives a written assurance from the CEO and CFO for each financial reporting period that their opinion is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.</p>	Yes

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	which is operating effectively.		
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 Company's auditor is required to attend the Company's AGM and is available to answer questions relevant to the audit.	Yes
Principle 5: Make timely and balanced disclosure			
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.	The Company has adopted a Continuous Disclosure Policy to ensure compliance with the ASX Listing Rules continuous disclosure requirements. The Continuous Disclosure Policy is available on the Company's website: https://wattlehealth.com.au	Yes
Principle 6: Respect the rights of security holders			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	Information about the Company and its governance is available to shareholders via the Company's website.	Yes
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	The Company has adopted a Shareholder Communications Strategy which aims to promote and facilitate effective two-way communication with investors. The Strategy outlines a range of ways in which information is communicated to shareholders and is available on the Company's website as part of the Company's Corporate Governance Policy. The Company will respect the rights and entitlements of the Company's shareholders under the Constitution and the Corporations Act 2001 (Cth).	Yes
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	The Company encourages all shareholders to attend General Meetings of the Company via its notices of meeting, and in the event that they cannot attend, to participate by recording their votes.	Yes
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 Company and its share registry actively encourage electronic communication. All new shareholders will be issued with a letter encouraging the registration of electronic contact methods.	Yes
Principle 7: Recognise and manage risk			
7.1	The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which:	The Company has established an Audit and Risk Committee which shall be responsible for monitoring and reviewing financial reporting by the Company.	Yes

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	<p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director,</p> <p>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>The current members of the committee are Peter Biantes (chairman), Eric Jiang and Kobe Li, all of whom are independent non-executive directors.</p> <p>The Company has adopted a Charter for the Audit and Risk Committee which sets out the committee's responsibilities, procedures, guidelines and composition. It is available for review on the Company's website: https://wattlehealth.com.au</p> <p>The relevant qualifications and experience of the members of the committee are set out in the Company's annual report.</p> <p>The number of times the committee met during the year and the individual attendances of the members at those meetings is detailed in the directors' report.</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 Company regularly undertake reviews of its risk management framework to establish an effective and efficient system for:</p> <ul style="list-style-type: none"> (i) identifying, assessing, monitoring and managing risk; and (ii) disclosing any material change to the Group's risk profile. <p>The Company intends to disclose the matters contemplated by ASX Recommendation 7.2 in future annual reports.</p> <p>Further information is included in the Company's Corporate Governance Policy, which is located on the Company's website at the following link https://wattlehealth.com.au</p>	Yes
7.3	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is</p>	<p>The Company is not of the size or scale to warrant the cost of an internal audit function. This function is undertaken by the Board as a whole via the review of risk</p>	Yes

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	structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	management and internal control processes on a regular basis.	
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	The material risks the Company is exposed to is set out in the Company's replacement prospectus dated 1 February 2017. Risks are managed in accordance with the Company's risk management policy.	Yes
Principle 8: Remunerate fairly and responsibly			
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director,</p> <p>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>The Company has established a Remuneration and Nomination Committee.</p> <p>The current members of the committee are Eric Jiang (chairman), Peter Biantes and Kobe Li, all of whom are independent non-executive directors.</p> <p>The Company has adopted a Charter for the Remuneration and Nomination Committee which sets out the committee's responsibilities, procedures, guidelines and composition. It is available for review on the Company's website: https://wattlehealth.com.au</p> <p>The relevant qualifications and experience of the members of the committee are set out in the Company's annual report.</p> <p>The number of times the committee met during the year and the individual attendances of the members at those meetings is detailed in the directors' report.</p>	Yes
8.2	A listed entity should separately disclose its policies and practices	The Company discloses Director and key management personnel remuneration and	Yes

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	<p>regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	<p>policies on remuneration in its annual report.</p> <p>The remuneration of any Executive Director will be decided by the Board, without the affected Executive Director participating in that decision- making process.</p> <p>The Board is responsible for the Company's remuneration policy and has adopted a Charter for the <i>Nomination and Remuneration Committee</i> which outlines the processes by which the Board shall review officer and management remuneration. The Company is committed to remunerating its officers and executives fairly and to a level which is commensurate with their skills and experience and which is reflective of their performance.</p> <p>The Board reviews and approves the Company's nomination and remuneration policy in order to ensure that the Company is able to attract and retain executives and Directors who will create value for Shareholders, having regard to the amount considered to be commensurate for an entity of the Company's size and level of activity as well as the relevant Directors' time, commitment and responsibility.</p>	

Item	ASX Best Practice Recommendation	Comment	Implemented
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>The Company does not have an equity-based remuneration scheme at this time, however, the Board may consider offering its directors and/or executives shares or options in the Company under such a scheme from time to time subject to shareholder approval (if required).</p> <p>The Board will be responsible for reviewing any employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed.</p> <p>The Company recognises that Director, executives and employees may hold securities in the Company. The Company's Securities Trading Policy (available on the Company's website) explains and reinforces the Corporations Act 2001 requirements relating to insider trading. The Policy applies to all Directors, executives, employees and consultants and their associates and closely related parties.</p>	N/A

For further information about the Company's corporate governance policies, and to obtain copies of these policies, please refer to the Company's website.