

# Appendix 4G

## Key to Disclosures

### Corporate Governance Council Principles and Recommendations

Name of entity

De.mem Limited

ABN/ARBN

12 614 756 642

Financial year ended:

31 December 2020

Our corporate governance statement<sup>1</sup> for the period above can be found at:<sup>2</sup>

☐ These pages of our annual report:

☒ This URL on our website:

<https://demembranes.com/investors/>

The Corporate Governance Statement is accurate and up to date as at 26 February 2021 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.<sup>3</sup>

Date: 1 March 2021

Name of authorised officer authorising lodgement: Andreas Kroell - Managing Director and Chief Executive Officer

<sup>1</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.

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 Listing Rule 4.10.3.

Under Listing Rule 4.7.3, an entity must also lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX. The Appendix 4G serves a dual purpose. It acts as a key designed to assist readers to locate the governance disclosures made by a listed entity under Listing Rule 4.10.3 and under the ASX Corporate Governance Council's recommendations. It also acts as a verification tool for listed entities to confirm that they have met the disclosure requirements of Listing Rule 4.10.3.

The Appendix 4G is not a substitute for, and is not to be confused with, the entity's corporate governance statement. They serve different purposes and an entity must produce each of them separately.

<sup>2</sup> Tick whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where your corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

<sup>3</sup> 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.

See notes 4 and 5 below for further instructions on how to complete this form.

**ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES**

| Corporate Governance Council recommendation                             |   | Where a box below is ticked, <sup>4</sup> we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement: | Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: <sup>5</sup>                                       |
|---|---|--|--|
| <b>PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b> |   |  |  |
| 1.1   | A listed entity should have and disclose a board charter setting out:<br>(a) the respective roles and responsibilities of its board and management; and<br>(b) those matters expressly reserved to the board and those delegated to management.   | <input checked="" type="checkbox"/><br>and we have disclosed a copy of our board charter at:<br><a href="https://demembranes.com/investors/">https://demembranes.com/investors/</a> .....            | <input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable |
| 1.2   | A listed entity should:<br>(a) undertake appropriate checks before appointing a director or senior executive or putting someone forward for election as a director; and<br>(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. | <input checked="" type="checkbox"/>  | <input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b><br><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.   | <input checked="" type="checkbox"/>  | <input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b><br><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.   | <input checked="" type="checkbox"/>  | <input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable |

<sup>4</sup> Tick the box in this column only if you have followed the relevant recommendation in full for the whole of the period above. Where the recommendation has a disclosure obligation attached, you must insert the location where that disclosure has been made, where indicated by the line with “*insert location*” underneath. If the disclosure in question has been made in your corporate governance statement, you need only insert “our corporate governance statement”. If the disclosure has been made in your annual report, you should insert the page number(s) of your annual report (eg “pages 10-12 of our annual report”). If the disclosure has been made on your website, you should insert the URL of the web page where the disclosure has been made or can be accessed (eg “www.entityname.com.au/corporate governance/charters/”).

<sup>5</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.

## Key to Disclosures Corporate Governance Council Principles and Recommendations

| Corporate Governance Council recommendation |  | Where a box below is ticked, <sup>4</sup> we have followed the recommendation <b>in full</b> for the <b>whole</b> of the period above. We have disclosed this in our Corporate Governance Statement:   | Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: <sup>5</sup>  |
|---|--|--|---|
| 1.5   | <p>A listed entity should:</p> <p>(a) have and disclose a diversity policy;</p> <p>(b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and</p> <p>(c) disclose in relation to each reporting period:</p> <p>(1) the measurable objectives set for that period to achieve gender diversity;</p> <p>(2) the entity's progress towards achieving those objectives; and</p> <p>(3) either:</p> <p>(A) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or</p> <p>(B) 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>If the entity was in the S&amp;P / ASX 300 Index at the commencement of the reporting period, the measurable objective for achieving gender diversity in the composition of its board should be to have not less than 30% of its directors of each gender within a specified period.</p> | <p><input checked="" type="checkbox"/> and we have disclosed a copy of our diversity policy at: <a href="https://demembranes.com/investors/">https://demembranes.com/investors/</a> .....</p> <p>and we have disclosed the information referred to in paragraph (c) at:</p> <p><a href="https://demembranes.com/investors/">https://demembranes.com/investors/</a> in the corporate governance statement</p>   | <p><input type="checkbox"/> set out 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> |
| 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 for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.</p>   | <p><input checked="" type="checkbox"/> and we have disclosed the evaluation process referred to in paragraph (a) at:</p> <p><a href="https://demembranes.com/investors/">https://demembranes.com/investors/</a> in the corporate governance statement</p> <p>and whether a performance evaluation was undertaken for the reporting period in accordance with that process at:</p> <p><a href="https://demembranes.com/investors/">https://demembranes.com/investors/</a> in the corporate governance statement</p> | <p><input type="checkbox"/> set out 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> |

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|---|---|--|---|
| 1.7   | <p>A listed entity should:</p> <p>(a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and</p> <p>(b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.</p> | <p><input checked="" type="checkbox"/> and we have disclosed the evaluation process referred to in paragraph (a) at:<br/> <a href="https://demembranes.com/investors/">https://demembranes.com/investors/</a> in the corporate governance statement<br/> and whether a performance evaluation was undertaken for the reporting period in accordance with that process at:<br/> <a href="https://demembranes.com/investors/">https://demembranes.com/investors/</a> in the corporate governance statement</p> | <p><input type="checkbox"/> set out 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> |

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|--|--|--|--|
| <b>PRINCIPLE 2 - STRUCTURE THE BOARD TO BE EFFECTIVE AND 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><input type="checkbox"/></p> <p><i>[If the entity complies with paragraph (a):]</i></p> <p>and we have disclosed a copy of the charter of the committee at: <a href="https://demembranes.com/investors/">https://demembranes.com/investors/</a> and the information referred to in paragraphs (4) and (5) at: <a href="https://demembranes.com/investors/">https://demembranes.com/investors/</a> in the corporate governance statement and in the 2020 Annual Report</p> <p><i>[If the entity complies with paragraph (b):]</i></p> <p>and we have disclosed 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 at:</p> <p>.....</p> <p><i>[insert location]</i></p> | <p><input checked="" type="checkbox"/> set out 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 that the board currently has or is looking to achieve in its membership.  | <p><input checked="" type="checkbox"/></p> <p>and we have disclosed our board skills matrix at: <a href="https://demembranes.com/investors/">https://demembranes.com/investors/</a> in the corporate governance statement</p>  | <p><input type="checkbox"/> set out 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>            |

## Key to Disclosures Corporate Governance Council Principles and Recommendations

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|---|--|---|--|
| 2.3   | A listed entity should disclose:<br>(a) the names of the directors considered by the board to be independent directors;<br>(b) if a director has an interest, position, affiliation 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 or relationship in question and an explanation of why the board is of that opinion; and<br>(c) the length of service of each director. | <input checked="" type="checkbox"/><br>and we have disclosed the names of the directors considered by the board to be independent directors at:<br><a href="https://demembranes.com/investors/">https://demembranes.com/investors/</a> in the corporate governance statement<br>and, where applicable, the information referred to in paragraph (b) at:<br><a href="https://demembranes.com/investors/">https://demembranes.com/investors/</a> in the corporate governance statement<br>and the length of service of each director at:<br><a href="https://demembranes.com/investors/">https://demembranes.com/investors/</a> in the corporate governance statement | <input type="checkbox"/> set out in our Corporate Governance Statement   |
| 2.4   | A majority of the board of a listed entity should be independent directors.  | <input checked="" type="checkbox"/>   | <input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b><br><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.  | <input checked="" type="checkbox"/>   | <input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b><br><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 for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.  | <input checked="" type="checkbox"/>   | <input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable |

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|---|--|--|--|
| <b>PRINCIPLE 3 – INSTIL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY</b> |  |  |  |
| 3.1   | A listed entity should articulate and disclose its values.   | <input checked="" type="checkbox"/><br>and we have disclosed our values at:<br><a href="https://demembranes.com/investors/">https://demembranes.com/investors/</a><br>[insert location]  | <input type="checkbox"/> set out in our Corporate Governance Statement   |
| 3.2   | A listed entity should:<br>(a) have and disclose a code of conduct for its directors, senior executives and employees; and<br>(b) ensure that the board or a committee of the board is informed of any material breaches of that code. | <input checked="" type="checkbox"/><br>and we have disclosed our code of conduct at:<br><a href="https://demembranes.com/investors/">https://demembranes.com/investors/</a> in the corporate governance statement                    | <input type="checkbox"/> set out in our Corporate Governance Statement   |
| 3.3   | A listed entity should:<br>(a) have and disclose a whistleblower policy; and<br>(b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.                                | <input checked="" type="checkbox"/><br>and we have disclosed our whistleblower policy at:<br><a href="https://demembranes.com/investors/">https://demembranes.com/investors/</a> in the corporate governance statement               | <input type="checkbox"/> set out in our Corporate Governance Statement   |
| 3.4   | A listed entity should:<br>(a) have and disclose an anti-bribery and corruption policy; and<br>(b) ensure that the board or committee of the board is informed of any material breaches of that policy.                                | <input checked="" type="checkbox"/><br>and we have disclosed our anti-bribery and corruption policy at:<br><a href="https://demembranes.com/investors/">https://demembranes.com/investors/</a> in the corporate governance statement | <input type="checkbox"/> set out in our Corporate Governance Statement   |

## Key to Disclosures Corporate Governance Council Principles and Recommendations

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|---|--|---|--|
| <b>PRINCIPLE 4 – SAFEGUARD THE INTEGRITY OF CORPORATE REPORTS</b> |  |   |  |
| 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><input type="checkbox"/></p> <p><i>[If the entity complies with paragraph (a):]</i></p> <p>and we have disclosed a copy of the charter of the committee at: <a href="https://demembranes.com/investors/">https://demembranes.com/investors/</a></p> <p>and the information referred to in paragraphs (4) and (5) at: <a href="https://demembranes.com/investors/">https://demembranes.com/investors/</a> in the corporate governance statement and in the 2020 Annual Report</p> <p><i>[If the entity complies with paragraph (b):]</i></p> <p>and we have disclosed 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 at:</p> <p>.....</p> <p><i>[insert location]</i></p> | <p><input checked="" type="checkbox"/> set out in our Corporate Governance Statement</p>   |
| 4.2   | 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.  | <input checked="" type="checkbox"/>   | <input type="checkbox"/> set out in our Corporate Governance Statement   |
| 4.3   | A listed 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.   | <input checked="" type="checkbox"/>   | <input type="checkbox"/> set out in our Corporate Governance Statement   |



## Key to Disclosures Corporate Governance Council Principles and Recommendations

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|---|---|--|--|
| <b>PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE</b>    |   |  |  |
| 5.1   | A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.  | <input checked="" type="checkbox"/> and we have disclosed our continuous disclosure compliance policy at:<br><a href="https://demembranes.com/investors/">https://demembranes.com/investors/</a>   | <input type="checkbox"/> set out in our Corporate Governance Statement   |
| 5.2   | A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.   | <input checked="" type="checkbox"/>  | <input type="checkbox"/> set out in our Corporate Governance Statement   |
| 5.3   | A listed 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. | <input checked="" type="checkbox"/>  | <input type="checkbox"/> set out 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.  | <input checked="" type="checkbox"/> and we have disclosed information about us and our governance on our website at:<br><a href="https://demembranes.com/investors/">https://demembranes.com/investors/</a>  | <input type="checkbox"/> set out in our Corporate Governance Statement   |
| 6.2   | A listed entity should have an investor relations program that facilitates effective two-way communication with investors.  | <input checked="" type="checkbox"/>  | <input type="checkbox"/> set out in our Corporate Governance Statement   |
| 6.3   | A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.  | <input checked="" type="checkbox"/> and we have disclosed how we facilitate and encourage participation at meetings of security holders at:<br><a href="https://demembranes.com/investors/">https://demembranes.com/investors/</a> in the corporate governance statement | <input type="checkbox"/> set out in our Corporate Governance Statement   |
| 6.4   | A listed 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.   | <input checked="" type="checkbox"/>  | <input type="checkbox"/> set out in our Corporate Governance Statement   |
| 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.                                  | <input checked="" type="checkbox"/>  | <input type="checkbox"/> set out in our Corporate Governance Statement   |

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|--|--|--|--|
| <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><input type="checkbox"/></p> <p><i>[If the entity complies with paragraph (a):]</i></p> <p>and we have disclosed a copy of the charter of the committee at: <a href="https://demembranes.com/investors/">https://demembranes.com/investors/</a></p> <p>and the information referred to in paragraphs (4) and (5) at: <a href="https://demembranes.com/investors/in-the-corporate-governance-statement-and-in-the-2020-annual-report">https://demembranes.com/investors/in the corporate governance statement and in the 2020 Annual Report</a></p> <p><i>[If the entity complies with paragraph (b):]</i></p> <p>and we have disclosed 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 at:</p> <p>.....</p> <p><i>[insert location]</i></p> | <p><input checked="" type="checkbox"/> set out 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 that the entity is operating with due regard to the risk appetite set by the board; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>  | <p><input checked="" type="checkbox"/></p> <p>and we have disclosed whether a review of the entity's risk management framework was undertaken during the reporting period at:</p> <p><a href="https://demembranes.com/investors/">https://demembranes.com/investors/</a> in the corporate governance statement</p>   | <p><input type="checkbox"/> set out in our Corporate Governance Statement</p>  |

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|---|--|---|--|
| 7.3   | A listed entity should disclose:<br>(a) if it has an internal audit function, how the function is structured and what role it performs; or<br>(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 governance, risk management and internal control processes. | <input checked="" type="checkbox"/> <p><i>[If the entity complies with paragraph (a):]</i></p> <p>and we have disclosed how our internal audit function is structured and what role it performs at:</p> <p>.....</p> <p><i>[insert location]</i></p> <p><i>[If the entity complies with paragraph (b):]</i></p> <p>and we have disclosed 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 at:</p> <p><a href="https://demembranes.com/investors/in">https://demembranes.com/investors/in</a> the corporate governance statement</p> | <input type="checkbox"/> set out in our Corporate Governance Statement   |
| 7.4   | A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.  | <input checked="" type="checkbox"/> <p>and we have disclosed whether we have any material exposure to environmental and social risks at:</p> <p><a href="https://demembranes.com/investors/">https://demembranes.com/investors/</a> in the corporate governance statement</p> <p>and, if we do, how we manage or intend to manage those risks at:</p> <p>.....</p> <p><i>[insert location]</i></p>  | <input type="checkbox"/> set out in our Corporate Governance Statement   |

## Key to Disclosures Corporate Governance Council Principles and Recommendations

| Corporate Governance Council recommendation            |  | Where a box below is ticked, <sup>4</sup> we have followed the recommendation <b>in full</b> for the <b>whole</b> of the period above. We have disclosed this in our Corporate Governance Statement:  | Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: <sup>5</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><input type="checkbox"/></p> <p><i>[If the entity complies with paragraph (a):]</i></p> <p>and we have disclosed a copy of the charter of the committee at: <a href="https://demembranes.com/investors/">https://demembranes.com/investors/</a> and the information referred to in paragraphs (4) and (5) at: <a href="https://demembranes.com/investors/">https://demembranes.com/investors/</a> in the corporate governance statement and in the 2020 Annual Report</p> <p><i>[If the entity complies with paragraph (b):]</i></p> <p>and we have disclosed 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>.....</p> <p><i>[insert location]</i></p> | <p><input checked="" type="checkbox"/> set out 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><input checked="" type="checkbox"/></p> <p>and we have disclosed separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives at: <a href="https://demembranes.com/investors/">https://demembranes.com/investors/</a> in the corporate governance statement</p>  | <p><input type="checkbox"/> set out 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><input checked="" type="checkbox"/></p> <p>and we have disclosed our policy on this issue or a summary of it at: <a href="https://demembranes.com/investors/">https://demembranes.com/investors/</a> in the corporate governance statement</p>   | <p><input type="checkbox"/> set out 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> |

## Key to Disclosures Corporate Governance Council Principles and Recommendations

| Corporate Governance Council recommendation                                    |   | Where a box below is ticked, <sup>4</sup> we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement: | Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: <sup>5</sup>  |
|--|---|--|---|
| <b>ADDITIONAL RECOMMENDATIONS THAT APPLY ONLY IN CERTAIN CASES</b>             |   |  |   |
| 9.1  | A listed entity with a director who does not speak the language in which board or security holder meetings are held or key corporate documents are written should disclose the processes it has in place to ensure the director understands and can contribute to the discussions at those meetings and understands and can discharge their obligations in relation to those documents.                         | <input type="checkbox"/><br>and we have disclosed information about the processes in place at:<br>.....<br>[insert location]   | <input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b><br><input checked="" type="checkbox"/> we do not have a director in this position and this recommendation is therefore not applicable <b>OR</b><br><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable  |
| 9.2  | A listed entity established outside Australia should ensure that meetings of security holders are held at a reasonable place and time.  | <input type="checkbox"/>   | <input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b><br><input checked="" type="checkbox"/> we are established in Australia and this recommendation is therefore not applicable <b>OR</b><br><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable   |
| 9.3  | A listed entity established outside Australia, and an externally managed 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.   | <input type="checkbox"/>   | <input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b><br><input checked="" type="checkbox"/> we are established in Australia and not an externally managed listed entity and this recommendation is therefore not applicable<br><input type="checkbox"/> we are an externally managed entity that does not hold an AGM and this recommendation is therefore not applicable |
| <b>ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES</b> |   |  |   |
| -  | <i>Alternative to Recommendation 1.1 for externally managed listed entities:</i><br>The responsible entity of an externally managed listed entity should disclose:<br>(a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity; and<br>(b) the role and responsibility of the board of the responsible entity for overseeing those arrangements. | <input type="checkbox"/><br>and we have disclosed the information referred to in paragraphs (a) and (b) at:<br>.....<br>[insert location]  | <input type="checkbox"/> set out in our Corporate Governance Statement  |

## Key to Disclosures Corporate Governance Council Principles and Recommendations

| Corporate Governance Council recommendation |   | Where a box below is ticked, <sup>4</sup> we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement: | Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: <sup>5</sup> |
|---|---|--|--|
| -   | <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><input type="checkbox"/> and we have disclosed the terms governing our remuneration as manager of the entity at:</p> <p>.....</p> <p><i>[insert location]</i></p>                                 | <p><input type="checkbox"/> set out in our Corporate Governance Statement</p>  |

## CORPORATE GOVERNANCE STATEMENT

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De.mem Limited (ASX:DEM) (“**De.mem**” or “**Company**”) and the Board are committed to achieving and demonstrating the highest standards of corporate governance. The Board continues to review the framework and practices to ensure they meet the interests of shareholders. The Company has adopted systems of control and accountability as the basis for the administration of corporate governance. The Board believes that good corporate governance helps ensure the future success of the Company, adds value to stakeholders and enhances investor confidence.

The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company’s needs. The Corporate Governance Statement has been structured with reference to the ASX Corporate Governance Council’s Corporate Governance Principles and Recommendations with 2020 Amendments 4<sup>th</sup> edition to the extent that they are applicable to the Company.

The ASX Listing Rules require listed companies to prepare a statement disclosing the extent to which they have complied with the recommendations of the ASX Corporate Governance Council (Recommendations) during the reporting period. The Recommendations are not prescriptive, such that if a company considers a recommendation to be inappropriate having regard to its own circumstances, it has the flexibility not to follow it. Where a company has not followed all the Recommendations, it must identify which Recommendations have not been followed and provide reasons for not following them. This Corporate Governance Statement (Statement) discloses the extent to which De.Mem has followed the Recommendations, or where appropriate, indicates a departure from the Recommendations with an explanation. This Statement should be read in conjunction with the material on our website <https://demembranes.com/investors/>, including the Annual Report.

This statement is current as at 31 December 2020 and has been approved by the Board of the Company.

Information about the Company’s corporate governance practices are set out below.

### PRINCIPLE 1 - LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

**A listed entity should clearly delineate the respective roles and responsibilities of its board and management and regularly review their performance.**

**Recommendation 1.1      A listed entity should have and disclose a board charter setting out:**  
**(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 Board is ultimately accountable for the performance of the company and provides leadership and sets the strategic objectives of the company. It appoints all senior executives and assesses their performance on at least an annual basis. It is responsible for overseeing all corporate reporting systems, remuneration frameworks, governance issues, and stakeholder communications. Decisions reserved for the Board relate to those that have a fundamental impact on the company, such as material acquisitions and takeovers, dividends and buybacks, material profits upgrades and downgrades, and significant closures.

Management is responsible for implementing Board strategy, day-to-day operational aspects, and ensuring that all risks and performance issues are brought the Boards attention. They must operate within the risk and authorisation parameters set by the Board.

The Board has a formal Board Charter which is available on our website at <https://demembranes.com/investors/>.

The 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.

The Board delegates responsibility for the day-to-day management of the Company and its business to the Managing Director (MD). The MD is supported by the senior executive team and delegates authority to appropriate senior executives for specific activities. The Board maintains ultimate responsibility for strategy, control and risk profile of the Group.

The Company's Constitution provides that the number of Directors shall not be less than three. There is no requirement for any shareholding qualification.

If the Company's activities increase in size, nature and scope, the size of the Board will be reviewed periodically and the optimum number of Directors required to adequately supervise the Company's activities will be determined within the limitations imposed by the Constitution and as circumstances demand.

Mr Cosimo Trimigliozzi is Chair of the Board and is considered to be an independent director of the Company.

**Recommendation 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 criteria for determining the identification and application of a suitable candidate for the Board shall include quality of the individual, background of experience and achievement, compatibility with other Board members, credibility within the Company's scope of activities, intellectual ability to contribute to Board duties and physical ability to undertake Board duties and responsibilities. The use of an external facilitator may be utilised periodically to assist and make the appropriate checks in the review process.

Directors are initially appointed by the full Board, subject to election by shareholders at the next Annual General Meeting. Under the Company's Constitution the tenure of a Director (other than Managing Director, and only one Managing Director where the position is jointly held) is subject to reappointment by shareholders not later than the third anniversary following his or her last appointment. Subject to the requirements of the Corporations Act, the Board does not subscribe to the principle of retirement age and there is no maximum period of service as a Director. A Managing Director may be appointed for the year and on any terms the Directors think fit and, subject to the terms of any agreement entered into, the appointment may be revoked on notice.

**Recommendation 1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.**

Each director and senior executive is party to a written agreement with the Company which sets out the terms of that Director's or senior executive's appointment. Details of executive contracts in place are detailed in the Company's Annual Remuneration Report in the Annual Report.



**Recommendation 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 Board is supported by the Company Secretary, whose role includes supporting the Board on governance matters, assisting the Board with meetings and directors' duties, and acting as an interface between the Board and senior executives across the Group. The Board and individual Directors have access to the Company Secretary.

The Company Secretary is appointed by the Board by resolution. The Company Secretary is accountable directly to the Board, through the Chairman, on all matters regarding the proper functioning of the Board.

The role of the Company Secretary is responsible for the following matters:

- Advising the Board and Committees on governance matters.
- Monitoring adherence of Board and Committees to policies and procedures.
- Coordinating timely completion and despatch of Board and Committee papers.
- Ensuring business at Board and Committee meeting is accurately captured in the minutes.
- Helping to organise and facilitate induction and professional development of Directors

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

**Recommendation 1.5**    **A listed entity should:**

(a) have and disclose a diversity policy;

(b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and

(c) disclose in relation to each reporting period:

(1) the measurable objectives set for that period to achieve gender diversity;

(2) the entity's progress towards achieving those objectives; and

(3) either:

(A) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or

(B) 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.

If the entity was in the S&P/ASX 300 Index at the commencement of the reporting period, the measurable objective for achieving gender diversity in the composition of its board should be to have not less than 30% of its directors of each gender within a specified period.

The Company has not set measurable objectives for achieving gender diversity for the achievement of gender diversity, due to the current limited size of the Board and the organisation in general. Should such objectives become appropriate for the Company in the future due to increases in size of the Board or organisation, the Company will review and set appropriate objectives at that time.

The Company's corporate code of conduct provides a framework for undertaking ethical conduct in employment. Under the corporate code of conduct, the Company will not tolerate any form of discrimination or harassment in the workplace. The Group currently has no female board members, one female in a senior executive role (where senior executives are those persons reporting directly to the CEO) and 10% of female approximately in its workforce.

**Recommendation 1.6 A listed entity should:**

- (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and
- (b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period

The Board is committed to formally evaluating its performance, the performance of its committees (if applicable) and individual Directors, as well as the governance processes supporting the Board. The Board does this through a biannual assessment process. The review for the current financial year will occur in June, to be led by the Chairman. The process will include collective Board discussions and individual interviews conducted by the Chairman. The review of the Chairman's role will be conducted by the rest of the Board.

The review process involves:

- completion of a questionnaire/survey by each director, facilitated by the Company Secretary.
- the preparation and provision of a report to each director with feedback on the performance of the Board based on the survey results; and
- The Board meeting to discuss any areas and actions for improvement. No formal Board performance assessment took place during FY2020 but is scheduled for 2021.

**Recommendation 1.7 A listed entity should:**

- (a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and
- (b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.

The Board does this through an annual assessment process. The review for the current financial year will occur in December, to be led by the Chairman. The process will include collective Board discussions and individual interview conducted by the Chairman.

A review has been conducted for 2020 which indicated that the CEO performance satisfies effectively against the majority of the criteria.

**PRINCIPLE 2 – STRUCTURE THE BOARD TO BE EFFECTIVE AND ADD VALUE**

The board of a listed entity should be of an appropriate size and collectively have the skills, commitment and knowledge of the entity and the industry in which it operates, to enable it to discharge its duties effectively and to add value.

**Recommendation 2.1 The board of a listed entity should:**

- (a) have a nomination committee which:
  - (1) has at least three members, a majority of whom are independent directors; and
  - (2) is chaired by an independent director, and disclose;
  - (3) the charter of the committee;
  - (4) the members of the committee; and
  - (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
- (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.

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity, to justify the establishment of a separate nominations committee. The Board fulfils the roles and responsibilities in relation to nomination.

The duties of the Board in relation to nomination are the same that would otherwise be fulfilled by a Nomination Committee to address any issues and continuously review the range of skills, knowledge, experience, independence and diversity to ensure that the Board can discharge its duties and responsibilities effectively. The Board Charter sets out the procedures adopted by the Board to satisfy itself of the matters which may otherwise be dealt with by Committees.

**Recommendation 2.2** A listed entity should have and disclose a board skills matrix setting out the mix of skills that the board currently has or is looking to achieve in its membership.

The Board skills matrix is contained in an attachment to the Board Charter.

**Recommendation 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 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 or relationship in question and an explanation of why the board is of that opinion; and
- (c) the length of service of each director.

Currently three board members are independent Directors and two Directors are considered by the Board as not independent. Those considered as not independent are:

- Mr Andreas Kroell, who is an executive of the Company; and
- Mr Bernd Dautel, who is a director of a substantial shareholder of the Company.

| Independent Directors                       | Date of Appointment | Length of Service                    |
|---|---------------------|--------------------------------------|
| Cosimo Trimiglozzi – Non-Executive Chairman | 21-11-2016          | 4 years, 3 months (as at March 2021) |
| Stuart Carmichael – Non-Executive Director  | 12-09-2016          | 4 years, 6 months (as at March 2021) |
| Michael Edwards – Non-Executive Director    | 21-11-2016          | 4 years, 3 months (as at March 2021) |

| Non-Independent Directors             | Date of Appointment | Length of Service                    |
|---------------------------------------|---------------------|--------------------------------------|
| Andreas Kroell – CEO & Director       | 12-09-2016          | 4 years, 6 months (as at March 2021) |
| Bernd Dautel – Non-Executive Director | 21-11-2016          | 4 years, 3 months (as at March 2021) |

**Recommendation 2.4** A majority of the board of a listed entity should be independent directors.

The majority of Board members are Independent non-executive directors. As per independence assessment provided in the section above. Please refer to Recommendation 2.3 comments above.

**Recommendation 2.5**    **The chair of the board of a listed entity should be an independent director and should not be the same person as the CEO of the entity.**

The Chairman and the CEO are not the same person and the Chairman is an independent non-executive director. Please refer to the disclosure of the Chairman and the CEO names on Recommendation 2.3 above.

**Recommendation 2.6**    **A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.**

All directors, both executive and non-executive, receive written notifications of their appointment and a new director induction pack which details the terms and conditions of their appointment, remuneration (including superannuation contributions), continuous disclosure requirements (including interests in the company), ongoing confidentiality obligations, company policies on when to seek independent professional advice, the Company's indemnity and insurance measures.

The Company continually evaluates new opportunities for Directors to undertake courses to develop and maintain relevant skills and knowledge.

### **PRINCIPLE 3 - INSTIL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY**

**A listed entity should instill and continually reinforce a culture across the organisation of acting lawfully, ethically and responsibly.**

**Recommendation 3.1**    **A listed entity should articulate and disclose its values.**

The values of De.Mem are disclosed in Company's website and in their Code of Conduct, available at <https://demembranes.com/investors/>

**Recommendation 3.2**    **A listed entity should:**  
**(a) have and disclose a code of conduct for its directors, senior executives and employees; and**  
**(b) ensure that the board or a committee of the board is informed of any material breaches of that code.**

De.Mem discloses a summary of its Code of Conduct and also have the code of conduct available in its website.

**Recommendation 3.3**    **A listed entity should:**  
**(a) have and disclose a whistleblower policy; and**  
**(b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.**

De.Mem have a Whistleblower Policy which is disclosed in its website.

**Recommendation 3.4**    **A listed entity should:**  
**(a) have and disclose an anti-bribery and corruption policy; and**  
**(b) ensure that the board or a committee of the board is informed of any material breaches of that policy.**

De.Mem have an Anti-bribery and Corruption Policy which is disclosed in its website.

## PRINCIPLE 4 - SAFEGUARD THE INTEGRITY OF CORPORATE REPORTS

A listed entity should have appropriate processes to verify the integrity of its corporate reports.

- Recommendation 4.1**    **The board of a listed entity should:**
- (a) have an audit committee which:**
    - (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and**
    - (2) is chaired by an independent director, who is not the chair of the board, and disclose:**
    - (3) the charter of the committee;**
    - (4) the relevant qualifications and experience of the members of the committee; and**
    - (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**
  - (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.**

An audit committee has not been established. Due to the size of the Company and its Board, the Board does not consider it necessary to establish an audit committee. The Board will fulfil the roles and responsibilities in relation to audit and corporate reporting.

The Company's Board Charter regarding Audit and Risk Responsibilities, as set out in Schedule 3 can be viewed at <https://demembranes.com/investors/>.

The Board undertakes reviews of the financial statements at Board meetings and invites the external auditor to attend those meetings. The Board also monitors the performance of the external auditor in relation to the appointment, removal and rotation of auditors.

- Recommendation 4.2**    **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.**

The CEO and CFO have provided a Declaration to the Board 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 for the purposes of the Annual Report.

- Recommendation 4.3**    **A listed 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.**

It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators.

The integrity of any periodic corporate report the Company releases to the market that is not audited or reviewed by an external auditor is reviewed by the CFO together with the CEO and ultimately by the Board to verify its integrity before being released.

## **PRINCIPLE 5 - MAKE TIMELY AND BALANCED DISCLOSURE**

**A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.**

**Recommendation 5.1 A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.**

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

To comply with these obligations, the Board has adopted a Continuous Disclosure Policy (Policy), which is available on our website at <https://demembranes.com/investors/>.

The Board has overarching responsibility for compliance with continuous disclosure obligations.

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

**Recommendation 5.2 A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.**

The Company has set up External notifications so that all board members receive a notification from ASX as soon as an announcement has been released. The Company also circulates all price sensitive announcements to the Board ahead of the release being made.

**Recommendation 5.3 A listed 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.**

The Company discloses these processes in the Company's Continuous Disclosure Policy available on the website at <https://demembranes.com/investors/>.

## **PRINCIPLE 6 - RESPECT THE RIGHTS OF SECURITY HOLDERS**

**A listed entity should provide its security holders with appropriate information and facilities to allow them to exercise their rights as security holders effectively.**

**Recommendation 6.1 A listed entity should provide information about itself and its governance to investors via its website.**

Information about the Company and its corporate governance policies is available on our website at <https://demembranes.com/investors/>. The Company also maintains a separate investor page on our website to provide shareholders with links to annual and interim reports, ASX announcements, presentations and other key information.

**Recommendation 6.2    A listed entity should have an investor relations program that facilitates effective two-way communication with investors**

We endeavour to communicate with shareholders and other stakeholders in an open, regular and timely manner so that the market has sufficient information to make informed investment decisions. The Company has adopted a Shareholder Communications Policy 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 <https://demembranes.com/investors/>.

**Recommendation 6.3    A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.**

The Board encourages full participation of shareholders at the Annual General Meeting (AGM), to ensure a high level of accountability and identification with the Company's strategy and goals.

Prior to the AGM the Company issues a Notice of Meeting, Explanatory Statement and Proxy Form to provide all the information that is relevant to shareholders in making decisions on matters to be voted on at the meeting. Shareholders may elect to receive communications electronically.

Details regarding the timing and location of the Company's General Meetings or Annual General Meeting are disclosed to the ASX in advance to encourage attendance by shareholders.

Time is also set aside at the AGM for the Board and Senior Executives to respond to any shareholder queries.

**Recommendation 6.4    A listed 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.**

The Company will conduct all voting processes through a poll rather than a show of hands going forward.

**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.**

The Company's share registry is able to provide the security holder the option to receive communications from, and send communications to, the entity and its security registry electronically.



## PRINCIPLE 7 - RESPECT THE RIGHTS OF SECURITY HOLDERS

### Recognise and manage risk

A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.

#### Recommendation 7.1 The board of a listed entity should:

##### (a) have a committee or committees to oversee risk, each of which:

- (1) has at least three members, a majority of whom are independent directors; and
- (2) is chaired by an independent director, and disclose:
- (3) the charter of the committee;
- (4) the members of the committee; and
- (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

##### (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.

The identification and management of risk, including calculated risk-taking activity is viewed by management as an essential component in creating shareholder value. A separate committee to oversee risk has not currently been established. Whilst there is currently no risk committee in accordance with recommendation 7.1 (a) the Board reviews and assesses the Company's risk management framework as part of its ongoing monitoring and review of the Company's operations as explained below.

Management is responsible for developing, maintaining and improving the Company's risk management and internal control system. A register of material business risks has been established, risks have been analysed and evaluated, risk management processes and controls are in place and reporting schedules developed. Management provides the board with periodic reports identifying areas of potential risks and the safeguards in place to efficiently manage material business risks. These risk management and internal control systems are in place to protect the financial statements of the entity from potential misstatement, and the Board is responsible for satisfying itself annually, or more frequently as required, that management has developed a sound system of risk management and internal control. A review has taken place during this reporting period.

Strategic and operational risks are reviewed at least annually as part of the forecasting and budgeting process. The Company has identified and actively monitors risks inherent in the industry in which the Company operates.

The Board also receives a written assurance from the Chairman and Company Secretary that to the best of their knowledge and belief, the declaration provided to the Board in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control, and that the system is operating effectively in relation to financial reporting risks. The Board notes that due to its nature, internal control assurance from the Chairman and Company Secretary can only be reasonable rather than absolute. This is due to such factors as the need for judgement, the use of testing on a sample basis, the inherent limitations in internal control and because much of the evidence is persuasive rather than conclusive and therefore is not and cannot be designed to detect all weaknesses in internal control procedures.



**Recommendation 7.2 The board or a committee of the board should:**

- (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and**
- (b) disclose, in relation to each reporting period, whether such a review has taken place.**

The Group's risk management framework is supported by the Board of directors and the management team. The Board is responsible for approving and reviewing the Company's risk management strategy. Management are responsible for monitoring that appropriate processes and controls are in place to effectively and efficiently manage risk.

The Company regularly undertake reviews of its risk management framework to establish an effective and efficient system for:

- (i) identifying, assessing, monitoring and managing risk; and
- (ii) disclosing any material change to the Company's risk profile.

An assessment of the Company's risk management framework is undertaken and reviewed by the Board, covering all aspects of the business from operational level through to strategic level risks. The Chief Executive Officer and Chief Financial Officer have been delegated the task of implementing internal controls to identify and manage risks for which the Board provides oversight. The Company at least annually undertakes a systematic review of its risks, controls and procedures to ensure they are effective and maintain contemporary practice. The Company has undertaken a review during the past year

**Recommendation 7.3 A listed entity should disclose:**

- (a) if it has an internal audit function, how the function is 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 governance, risk management and internal control processes.**

The Company did not have an internal audit function for the past financial year and due to the size of the Company the Board does not consider it necessary to have an internal audit function.

The Company will employ the following process for evaluating and continually improving the effectiveness of its risk management and internal control processes:

- the Board will monitor the need for an internal audit function having regard to the size, location and complexity of the Company's operations; and
- the Board will periodically undertake an internal review of financial systems and processes where systems are considered to require improvement these systems are developed.

**Recommendation 7.4 A listed entity should disclose whether it has any material exposure to economic, environmental or social sustainability risks and, if it does, how it manages or intends to manage those risks.**

The Company has no material exposure to economic, environmental and social sustainability risks.

## PRINCIPLE 8 - REMUNERATE FAIRLY AND RESPONSIBLY

A listed entity should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders and with the entity's values and risk appetite.

- Recommendation 8.1**    **The board of a listed entity should:**
- (a) have a remuneration committee which:**
    - (1) has at least three members, a majority of whom are independent directors; and**
    - (2) is chaired by an independent director, and disclose:**
      - (3) the charter of the committee;**
      - (4) the members of the committee; and**
      - (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**
  - (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.**

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity, to justify the establishment of a separate remuneration committee. The Board fulfils the roles and responsibilities in relation to remuneration. The duties of the Board in relation to remuneration are the same that would otherwise be fulfilled by a Remuneration Committee, including setting the level of Non-Executive Director fees and the level and nature of remuneration for Executive Directors and other Senior Executives of the Company.

- Recommendation 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.**

Details of the Company's remuneration practices for its Directors and senior executives are disclosed in the Remuneration Report in the Company's Annual Report.

- Recommendation 8.3**    **A listed entity which has an equity-based remuneration scheme should:**
- (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**
  - (b) disclose that policy or a summary of it.**

The Company had an equity-based remuneration scheme during the past financial year. The Company's Securities Trading Policy prohibits Key Management Personnel entering into transactions or arrangements (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme.

Further, all employees are prohibited from entering into margin loan arrangements to fund the acquisition of any of the Company's securities or from entering into arrangements whereby their securities in the Company are used as collateral.

The Company's Securities Trading Policy can be viewed at <https://demembranes.com/investors/>.