

Corporate Governance Statement

The Board and the Corporate Governance Committee of Vectus Biosystems Limited (Vectus or the Company) draw on relevant best practice principles, particularly those issued by the Australian Securities Exchange (ASX) Corporate Governance Council's third edition of the publication, "Corporate Governance Principles and Recommendations", which was released in March 2014 and is referred to for guidance purposes. While the Company attempts to adhere to the principles proposed by the ASX, and the Directors believe that the Company complies with the underlying guidelines of the ASX, it is mindful that there are some instances where compliance is not practicable for a company of Vectus' size. However all listed companies are required to produce a corporate governance statement that discloses the extent to which the entity has followed the recommendations, and to identify any recommendations that have not been followed, the period during which they were not followed, the reasons for not doing so and any alternative governance practices that have been adopted in lieu of the recommendation.

This Corporate Governance Statement reports on the corporate governance principles and practices followed by the Company, as required by the ASX Listing Rules, for the period from 1 July 2015 to 30 June 2016, but more particularly from 23 February 2016, being the date the Company's shares commenced trading on ASX. The Company's Corporate Governance Committee and its Board of Directors have recently reviewed the recommendations, and approved the Company's Corporate Governance Statement as at 28 September 2016. In many cases the Company was already achieving the standards required. In other cases the Company has considered other arrangements to enable compliance. In a number of instances, the Company has determined not to meet the standards set out in the recommendations, largely due to the recommendation being considered by the Board to be unduly onerous and costly for a company of Vectus' size.

The Board is responsible for the overall corporate governance of the Company. Issues of substance affecting the Company are considered by the full Board, with advice from the Board's Committees, senior management and other external advisors as required. Each Director brings an independent view and judgement to the Board, and must promptly declare all conflicts of interest. Directors do not participate in discussions or resolutions pertaining to any matter in which they have a material personal interest unless the non-conflicted Directors have separately agreed to their participation.

The Board's role in risk oversight includes receiving regular reports from senior management, and the Audit and Risk Management Committee about material risks faced by the Company, and applicable mitigation strategies and activities. The reports detail the effectiveness of the risk management programme, and identify and address material business risks, such as strategic, business, operational, financial, human resources, product safety, environmental and social sustainability, and efficacy and legal / regulatory risks. The responsibilities of the Board are set down in the Company's Board Charter, which is available in the Company's Corporate Governance Compliance Manual, along with all the Company's Charters and Policies, in the Investor Centre section of its website at www.vectusbiosystems.com.au under Corporate Governance.

Board Committees

The Board has established three Committees to assist it in fulfilling its responsibilities, being:

- (a) Audit and Risk Management Committee;
- (a) Remuneration and Nomination Committee; and
- (b) Corporate Governance Committee.

Each of these Committees has the responsibilities described in their Committee Charters (which have been prepared having regard to the ASX Recommendations) that were adopted by the Company and can be found in the Company's Corporate Governance Compliance Manual on the Company's website. The Board may also establish other committees from time-to-time to assist in the discharge of its responsibilities.

Corporate Governance Principles

The Company has also adopted these policies, which are available on the Company's website:

Corporate Code of Conduct

This policy sets out the Company's responsibilities to shareholders, the financial community, customers, suppliers, the general community and individuals, and guides the Company's compliance with legal and other obligations;

Shareholders Communications Policy

This policy describes the Company's practices for ensuring effective communication with its Shareholders, sets out the standards, protocols and law relating to disclosure of Company information, and sets out the requirements expected from all Directors, senior management and employees for complying with the Company's policy on disclosure of price-sensitive information;

Continuous Disclosure Policy

This policy describes reporting lines and decision-making processes that are designed to ensure that the Company complies with its continuous disclosure obligations under the ASX Listing Rules and the Corporations Act;

Diversity Policy

This policy sets out the Company's commitment to promoting diversity amongst its Board, at management level and within the Group as a whole; and

Securities Trading Policy

This policy restricts employees and Directors from dealing with the Company's shares at times when the market may not be fully informed as to the Company's activities. When they are in possession of unpublished price-sensitive information, they may not trade in the Company's securities. In addition, they cannot trade during designated Blackout or Closed Periods. The Policy explains how insider trading laws affect their dealings in the Company's Shares.

Compliance with the Third Edition of the ASX Corporate Governance Council's Principles and Recommendations

The Company is required to report its compliance with, and departures from, the ASX Recommendations in its annual Corporate Governance Statement released to ASX and included on the Company's website. The Company's compliance with, and departures from, the ASX Recommendations are set out below.

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Recommendation 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 has disclosed the respective roles and responsibilities of its Board and management, and the functions reserved by the Board and those delegated to senior management, in the Company's Board Charter. This document is available in the Company's Corporate Governance Compliance Manual in the Investor Centre section of its website at www.vectusbiosystems.com.au under the Corporate Governance heading.
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	The Company undertakes a number of checks before appointing a person or putting forward to security holders a candidate for election as a Director and provides material information to shareholders about a candidate for election or re-election. The Company's Remuneration and Nomination Committee provides recommendations to assist the Board of

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<p>information in its possession relevant to a decision on whether or not to elect or re-elect a director.</p>	<p>Directors with ensuring that appropriate checking and references are taken for new Directors and key executives, and that effective induction and education procedures exist for new Board appointees and key executives. These include checks as to the person's character, experience and education.</p> <p>Information provided to security holders in the Notice of Meeting includes: biographical details and the skills they bring to the Board; details of any other material directorships currently held by the candidate; in the case of a candidate standing for election as a Director for the first time, any material adverse information revealed by the checks the Company has performed about the Director, details of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his or her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company and its security holders generally, and if the Board considers that the candidate will, if elected, qualify as an independent Director, a statement to that effect; in the case of a candidate standing for re-election as a Director, the term of office currently served by the Director and if the Board considers the Director to be an independent Director, a statement to that effect and a statement by the Board as to whether it supports the election or re-election of the candidate.</p> <p>A candidate for appointment or election as a Non-Executive Director must provide the Board with the information above and a consent for Vectus to conduct any background or other checks the Company would ordinarily conduct. The candidate must also provide details of his or her other commitments and an indication of time involved, and specifically acknowledge to the Company that he or she will have sufficient time to fulfil his or her responsibilities as a Director.</p>
<p>Recommendation 1.3</p> <p>A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>	<p>The Company has a procedure of obtaining a written agreement with each Director and senior executive setting out their terms of appointment. These agreements take the form of letters of appointment in the case of Non-Executive Directors and service contracts in the case of Executive Directors or other senior executives.</p> <p>For each Non-Executive Director, the agreement</p>

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	<p>generally sets out the following: the terms of appointment; the time commitment envisaged, including any expectations regarding involvement with committee work and any other special duties attaching to the positions; remuneration, including superannuation entitlements; the requirement to disclose Directors' interests and any matters that may affect Directors' independence; the requirement to comply with key corporate policies, including Vectus' Code of Conduct, and its Securities Trading Policy; the Company's policy on when Directors may seek independent professional advice at the expense of the Company (which is generally whenever Directors, especially Non-Executive Directors, judge such advice necessary for them to discharge their responsibilities as Directors); indemnity and insurance arrangements; ongoing rights of access to corporate information; and ongoing confidentiality obligations.</p> <p>In the case of Executive Directors or other senior executives, the agreements generally set out the information above (to the extent applicable), as well as: descriptions of their positions, duties and responsibilities; the persons or bodies to whom they report; the circumstances in which their services may be terminated; and any entitlements on termination.</p> <p>Vectus is required under the ASX Listing Rules to disclose the material terms of any employment, service or consultancy agreement it or a subsidiary enters into with its Chief Executive Officer (CEO) (or equivalent), any of its Directors, and any other person or entity who is a related party of its CEO or any of its Directors. It is also required to disclose any material variation to such an agreement.</p>
<p>Recommendation 1.4</p> <p>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.</p>	<p>The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board. The Company Secretary of Vectus plays an important role in supporting the effectiveness of the Board and its Committees. The role of the Company Secretary includes: advising the Board and its Committees on governance matters; monitoring that Board and Committee policies and procedures are followed; co-ordinating the timely completion and despatch of Board and Committee papers; ensuring that the business at Board and Committee meetings is accurately captured in the minutes; and</p>

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	<p>helping to organise and facilitate the induction and professional development of Directors. Each Director is able to communicate directly with the Company Secretary and vice versa. The decision to appoint or remove a Company Secretary is made or approved by the Board.</p>
<p>Recommendation 1.5</p> <p>A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>	<p>The Company's workforce, including employees, contractors, management and the Board, is made up of individuals with diverse skills, values, backgrounds and experiences that bring to the Company the skills and expertise that are required for the Company to enhance its performance. The Company values diversity and recognises the benefit it can bring in achieving its goals. To this end, the Company has a Diversity Policy that reflects its commitments and objectives, and includes requirements for the Board, and Remuneration and Nomination Committee to annually review performance against these objectives, as part of its annual review of the effectiveness of this Policy. This Committee and the Board set measurable objectives for achieving gender diversity and assess annually both the objectives and the entity's progress in achieving them. In this regard, during the reporting period the Company satisfied its objective of appointing a second woman to the Company's Board of Directors and three new women employees. A copy of the Diversity Policy is available in the Company's Corporate Governance Compliance Manual in the Investor Centre section of its website at www.vectusbiosystems.com.au under Corporate Governance.</p> <p>The Company is committed to ensuring that the appropriate mix of skills, experience, expertise and diversity are considered when employing staff at all levels of the organisation, and when making new senior executive and Board appointments, and is satisfied that the composition of employees, senior executives and members is appropriate considering its size and environment. The Company has the objective to maintain or exceed the current high ratio of women to men with its proposed staff recruitment in the coming year.</p> <p>There are two women and five men on the Board, in senior executive positions there are two women (one of whom is also on the Board) and one man, and nine women and four men across the whole organisation (excluding Non-</p>

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	Executive Directors). The Company has defined “senior executive” for these purposes in the same way as it has defined its Key Management Personnel in the Company’s Remuneration Report, i.e. those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise) of that entity. The Key Management Personnel of the Company are the Non-Executive Directors and the Executive Director (i.e. the CEO).
<p>Recommendation 1.6</p> <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 Remuneration and Nomination Committee Charter describes the process the Company uses for evaluating the performance of its Board, its committees and individual Directors. These corporate governance documents are available for review in the Company’s Corporate Governance Compliance Manual in the Investor Centre section of its website at www.vectusbiosystems.com.au under Corporate Governance. The Company has adopted a process of, and is progressively completing (since 30 June 2016), its first Board Evaluation Questionnaire. The Board will assess the results of that Questionnaire, and will assess the results derived from future Questionnaires, on at least an annual basis as part of the process for periodically evaluating the performance of the Board, its Committees and individual Directors.</p>
<p>Recommendation 1.7</p> <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 Company has adopted a process of, and is progressively completing (since 30 June 2016), its first Senior Executive Evaluation Questionnaire. The Board will assess the results of that Questionnaire, and will assess the results derived from future Questionnaires, on at least an annual basis as part of the process for periodically evaluating the performance of its senior executives.</p> <p>The responsibilities of the Board include ratifying other senior executive appointments, organisational changes and senior management remuneration policies and practices.</p> <p>The purpose of the Remuneration and Nomination Committee is to provide recommendations to assist the Board with respect to: ensuring that appropriate procedures exist to assess and review the performance of the senior management; setting in place remuneration policies that are designed to attract and retain senior managers</p>

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	to enhance the performance and growth of the Company; and ensuring that the level and composition of remuneration packages are fair, reasonable and adequate and, in the case of Executive Directors and senior managers, display a clear relationship between the performance of the individual and the performance of the Company.
<p>Recommendation 2.1</p> <p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <ul style="list-style-type: none"> (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 <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>The Board of the Company has a Remuneration and Nomination Committee, which currently consists of three members, a majority of whom are independent Directors, and is chaired by an independent Director. The members of the Committee are Graham Macdonald (Committee Chairman), Maurie Stang and Ronald Shnier.</p> <p>The Remuneration and Nomination Committee Charter governs the composition, membership, roles and responsibilities of the Directors, and provides recommendations to assist the Board of Directors. The Charter is available in the Company's Corporate Governance Compliance Manual in the Investor Centre section of its website at www.vectusbiosystems.com.au under Corporate Governance.</p> <p>During 1 July 2015 and 30 June 2016 one Committee meeting was held, at which Graham Macdonald and Maurie Stang were present; Ronald Shnier was unable to attend this meeting.</p>
<p>Recommendation 2.2</p> <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 and discloses a Board Skills Matrix setting out the mix of skills and diversity that it currently has in its membership. The Skills Matrix is set out in Appendix A below. The Corporate Governance Committee has reviewed the collective skills of the Board and will consider the mix in the Company's professional development initiatives for Directors and in its Board succession planning.</p>
<p>Recommendation 2.3</p> <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</p>	<p>The Board considers that each of Graham Macdonald, Ronald Shnier and Susan Pond is an independent Director, free from any business or any other relationship that could materially interfere with, or reasonably be perceived to interfere with, the independent exercise of the Director's judgement, and each is able to fulfil the role of an independent director for the purposes of the ASX</p>

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<p>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>Recommendations.</p> <p>Karen Duggan, Maurie Stang, Bernard Stang and Peter Bush are considered by the Board not to be independent, having regard to the indicators of independence set out in Box 2.3 of the ASX Recommendations.</p> <p>The length of service of each Director as at the date of this Statement is as follows:</p> <p>Graham Macdonald – eight years and seven months.</p> <p>Karen Duggan – ten years.</p> <p>Maurie Stang – ten years and nine months.</p> <p>Bernard Stang – ten years and nine months.</p> <p>Peter Bush – one year and three months.</p> <p>Ronald Shnier – one year and one month.</p> <p>Susan Pond – five months.</p>
<p>Recommendation 2.4</p> <p>A majority of the board of a listed entity should be independent directors.</p>	<p>The Board does not have a majority of independent Directors due to the Company's size and the early stage of its development. However, during the most recent reporting period, the Board re-examined its structure based on its Skills Matrix and appointed one additional Independent Director, which was the goal it set for itself during the previous reporting period and achieved.</p>
<p>Recommendation 2.5</p> <p>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>	<p>The Non-Executive Chairman of the Board is an independent Director and is not the CEO of the Company or an executive director.</p>
<p>Recommendation 2.6</p> <p>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.</p>	<p>It is the role of the Company's Remuneration and Nomination Committee to ensure that an effective induction process is implemented for new Board appointees and key executives. The Company has prepared a draft programme for inducting new Directors, which will be reviewed and adopted at the next Corporate Governance Committee meeting. Every new Director receives a Letter of Appointment accompanied by: a Director's Deed of Access and Indemnity; information on the Company's policies and charters; and an induction meeting. The Board and Senior Executive Induction Programme, when adopted by the Committee, will be incorporated into the Company's Corporate Governance Compliance Manual in the Investor Centre section of its website at</p>

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	<p>www.vectusbiosystems.com.au under Corporate Governance. The Board considers training to develop skills and experience of individual Board members in conjunction with its review of the Skills Matrix. In order to ensure the Board is able to discharge its responsibilities properly, the Remuneration and Nomination Committee has a process whereby Directors can obtain independent professional advice when necessary at the expense of the Company.</p>
<p>Recommendation 3.1</p> <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 has developed a Corporate Code of Conduct that has been fully endorsed by the Board, and applies to all Directors, senior executives and employees. The Code of Conduct is reviewed and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism, and the practices necessary to maintain confidence in the Group's integrity, and to take into account legal obligations and reasonable expectations of the Company's stakeholders.</p> <p>A copy of the Corporate Code Conduct is available in the Company's Corporate Governance Compliance Manual in the Investor Centre section of its website at www.vectusbiosystems.com.au under Corporate Governance.</p>
<p>Recommendation 4.1</p> <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, 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,</p>	<p>The Board of the Company has an Audit and Risk Management Committee, which was established by the Board to review and monitor financial, audit and risk management processes and reporting. The Committee consists of three Non-Executive Directors, a majority of whom are not independent Directors. The Committee consists of the following Directors: Peter Bush (Committee Chairman) (Accountant, but not independent), Graham Macdonald (medical background and independent) and Maurie Stang (finance experience, but not independent).</p> <p>The reason why the majority of Directors of this Committee is not made up of independent Directors is because the Directors with greater expertise in the area of accounting and financial controls are non-independent Directors. The Chairman of the Committee is not an independent Director, but he is not the Chairman of the Board. The reason why the Chairman of this Committee is not an Independent Director is because the only independent member of the Committee is the</p>

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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>Chairman of the Board.</p> <p>A copy of the Charter of the Committee is available in the Company's Corporate Governance Compliance Manual in the Investor Centre section of its website at www.vectusbiosystems.com.au under Corporate Governance. The relevant qualifications and experience of the members of the Committee can be found in the About Us section of the Company's website under Leadership Team (which can be found in the Investor Centre section) and in the Directors' Report in the Company's Annual Report. In relation to the reporting period the Committee did not meet. The first Committee meeting was held on 24 August 2016 to consider the 2016 Annual Report, the first Annual Report since the Company listed on ASX.</p>
<p>Recommendation 4.2</p> <p>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<p>Since the Company listed on ASX in February 2016 it has adopted a procedure whereby, before it approves the Company's financial statements for a financial period, the Board receives assurance from the CEO and CFO, via a declaration, that the financial records of the Company 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 Company, and 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 aspects in relation to financial reporting risks.</p>
<p>Recommendation 4.3</p> <p>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.</p>	<p>The Company invites its external Auditor to attend its Annual General Meeting (AGM), and to be available to answer shareholders' questions about the conduct of the audit, and the preparation and content of the Auditor's Report. Within the last reporting period the Company's Audit Partner from UHY Haines Norton attended its AGM and was available to answer questions.</p>
<p>Recommendation 5.1</p> <p>A listed entity should:</p> <p>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>The Board has established a Continuous Disclosure Policy, which complies with its obligations under the ASX Listing Rules and is in the Company's Corporate Governance Compliance Manual in the Investor Centre section of its website at www.vectusbiosystems.com.au under Corporate Governance. The Board has</p>

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	designated the Company Secretary as the person responsible for overseeing and coordinating disclosure of information to the ASX, as well as communicating with the ASX.
<p>Recommendation 6.1</p> <p>A listed entity should provide information about itself and its governance to investors via its website.</p>	<p>The Company provides information about itself and its corporate governance on its website. The Investor Centre of the Vectus website contains a Corporate Governance drop-down section, where the Company's Corporate Governance Compliance Manual, which contains its charters and policies, can be found, as well as the Corporate Governance Statement. The Investor Section also contains Reports and Presentations, a link to the Company's ASX Announcements, contact details of its Share Registry and the IPO Prospectus. Biographical information on the Company's Leadership and Executive Teams can be found in the About Us section, and the Technology section provides information on the Company and its wholly-owned subsidiary Accugen Pty Limited. The Contact Us section provides shareholders and investors with the Company's contact details.</p>
<p>Recommendation 6.2</p> <p>A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.</p>	<p>The Company has designed and implemented an investor relations programme to facilitate effective two-way communication with investors. Vectus has adopted a Shareholders Communications Policy, which is available in the Company's Corporate Governance Compliance Manual in the Investor Centre section of its website at www.vectusbiosystems.com.au under Corporate Governance. Vectus actively engages with shareholders at its meetings of security holders, meeting with them upon request and responding to any enquiries they may make from time-to-time.</p>
<p>Recommendation 6.3</p> <p>A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.</p>	<p>The Company has disclosed the processes it has in place to facilitate and encourage participation at meetings of security holders in its Shareholders Communications Policy, which is available in the Company's Corporate Governance Compliance Manual in the Investor Centre section of its website at www.vectusbiosystems.com.au under Corporate Governance. Written policies that the Company has made on security holder participation at meetings cover disclosure of price-sensitive information and ensure that the requirements of continuous disclosure are met. These written policies and procedures</p>

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	<p>are designed to enable appropriate communication with, and participation by, shareholders. Vectus views its meetings of shareholders as an important forum for two-way communication between the Company and its security holders. They provide an opportunity for Vectus to impart to security holders a greater understanding of its business, governance, financial performance and prospects, as well as to discuss areas of concern or interest to the Board and management. These meetings also provide an opportunity for security holders to express their views to the Company's Board and management about any areas of concern or interest for them.</p>
<p>Recommendation 6.4</p> <p>A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.</p>	<p>The Company gives security holders the option to receive communications from, and send communications to, the Company and its security registry electronically. The Contact Us section of the website contains Vectus' contact details and security holders can also choose to sign up to receive email alerts by following the steps on the website. The Investor Section of the Company's website provides the contact details of its Share Registry, including links for security holders to go to in order to make enquiries of the Share Registry and to its website.</p>
<p>Recommendation 7.1</p> <p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <ul style="list-style-type: none"> (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 <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 Board of the Company has an Audit and Risk Management Committee established by the Board to review and monitor financial, audit and risk management processes and reporting, and oversee risk. The Committee consists of three Non-Executive Directors, a majority of whom are not independent Directors, and the Chairman of the Committee is not an independent Director for the reasons set out in Recommendation 4.1 above. The Charter of the Committee is available in the Company's Corporate Governance Compliance Manual in the Investor Centre section of its website at www.vectusbiosystems.com.au under Corporate Governance.</p> <p>The members of the Committee are Peter Bush (Committee Chairman) (not independent), Graham Macdonald (independent) and Maurie Stang (not independent). The reason why the majority of Directors of the joint Audit and Risk Management Committee is not made up of independent Directors and that the Chairman of</p>

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	<p>the Committee is not an independent Director is because the Directors with greater expertise in the area of accounting and financial controls are non-independent Directors, and the only non-independent member of this Committee is also the Chairman of the Board.</p> <p>In relation to the reporting period the Committee did not meet. The first Committee meeting since the Company listed on ASX was held on 24 August 2016. Risk Factors is an agenda item at each Board meeting.</p>
<p>Recommendation 7.2</p> <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>Management is responsible for designing, implementing and reporting on the adequacy of the Company's risk management and internal control system. Management reports to the Audit and Risk Management Committee on the Company's key risks and the extent to which it believes these risks are being monitored at each Committee meeting. The Audit and Risk Management Committee reviews and monitors the Company's risk management framework, and internal compliance and control systems, at least annually to satisfy itself that it continues to be sound. As part of the risk review, the Company has established a Risk Register, which is included in the Board papers for Board meetings, and is reviewed and updated by the Committee. As part of the Company's IPO listing process an extensive review of risk was undertaken by the Due Diligence Committee. The members of the Audit and Risk Management Committee were heavily involved in this IPO due diligence process. In the period since listing on ASX in February 2016 the risk review process has been carried out by the Board and the Committee first met on 24 August 2016.</p>
<p>Recommendation 7.3</p> <p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	<p>The Company does not have an internal audit function. The process the Company currently employs for evaluating and continually improving the effectiveness of its risk management and internal control processes is the monthly review of its actual versus budget variances in revenue and expenses. Since the end of the reporting period the Company has instituted a procedure whereby there will be a periodic review of source accounting documentation by someone independent of the Accounts Department and independent of the regular accounting documentation approval process.</p>

Corporate Governance Principles and Recommendations (3 rd Edition)	Explanation
<p>Recommendation 7.4</p> <p>A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	<p>The Company has not identified any specific material exposure to economic, environmental or social sustainability risks. The Company believes that how it conducts its business activities impacts directly on a range of stakeholders, including security holders, employees, customers, suppliers, creditors, consumers, governments and the local communities in which it operates. The Company understands that whether it does so sustainably can impact in the longer term on society and the environment.</p> <p>The Company operates with a long-term perspective in order to achieve a level of economic growth utilising the experience of a Board of Directors who have achieved success in the healthcare industry and in business at a senior executive level. Vectus has a goal of not compromising the health of the ecosystems in which it operates over the long term. The Company works in a manner that meets accepted social norms and needs, and intends to continue to do so into the future.</p> <p>Vectus' business aims to address certain social sustainability and economic risks, as it researches a cure for fibrosis caused by hypertension and other chronic diseases such as diabetes, which are a large cause of medical problems globally. The Company's goal of treating cardiovascular fibrosis and systolic blood pressure is focused on improving the healthcare of our society, while ensuring the highest standard of occupational health and environmental safety. Vectus' wholly-owned subsidiary, Accugen Pty Limited, has developed a platform system that potentially offers a time, cost and accuracy benefit in measuring the amount of DNA or RNA in analysing medical samples, compared to currently-available systems, and therefore providing economic benefits. The Company identified an unmet need through Karen Duggan's discovery that a naturally-occurring molecule in the human body was capable of reversing fibrosis, which, if commercialised, will have a significant benefit to the needs of society over the long term. Fibrosis, the formation of excess fibrous connective tissue in an organ, plays a role in more than 40% of deaths worldwide. This figure includes different diseases affecting the heart, lungs, kidneys and liver, among others. While current treatments only slow the progression of fibrosis, Vectus has demonstrated in animal models that its</p>

Corporate Governance Principles and Recommendations (3 rd Edition)	Explanation
	compounds can reverse the process, leading to the restoration of normal tissue architecture.
<p>Recommendation 8.1</p> <p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <ul style="list-style-type: none"> (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 <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 Board of the Company has a Remuneration and Nomination Committee, which currently consists of three members, a majority of whom are independent Directors, and is chaired by an independent Director. The members of the Committee are Graham Macdonald (Committee Chairman), Maurie Stang and Ronald Shnier.</p> <p>The Remuneration and Nomination Committee Charter governs the composition, membership, roles and responsibilities of the Directors, and provides recommendations to assist the Board of Directors. The Charter is available in the Company's Corporate Governance Compliance Manual in the Investor Centre section of its website at www.vectusbiosystems.com.au under Corporate Governance.</p> <p>During 1 July 2015 and 30 June 2016 one Committee meeting was held, at which Graham Macdonald and Maurie Stang were present; Ronald Shnier was unable to attend this meeting.</p>
<p>Recommendation 8.2</p> <p>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>	<p>The Company separately discloses its policies and practices regarding the remuneration of Non-Executive Directors and the remuneration of its Executive in the Remuneration Report in its Annual Report.</p>
<p>Recommendation 8.3</p> <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 has an equity-based remuneration scheme, being its Employee Incentive Plan (EIP), which was summarised in the IPO Prospectus dated 23 November 2015. The Company has a policy that participants in the EIP are not permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme. There are no schemes for retirement benefits, other than superannuation, for Non-Executive Directors. The Corporations Act prohibits the key management personnel of ASX-listed companies established in Australia, or closely-related parties of such personnel, from entering into arrangements that would have the effect of limiting their exposure to risks relating to an element of their remuneration that either has not vested or has vested but remains subject to a holding lock.</p>

Appendix A – Skills Matrix

Skills, Diversity and Experience of the Board	Total Number out of Seven Directors
Leadership	7
Corporate Governance and Compliance	6
Regulatory Compliance	6
Membership of Governance or Regulatory Bodies	4
Strategy	7
Directorships / Senior Management positions held outside VBS	7
CEO / CFO / COO experience	6
General Management	7
Tenure – Director with VBS for less than three years	3
Tenure – Director with VBS for between three to nine years	1
Tenure – Director with VBS for nine years or more	3
Operations	5
Occupational Health and Safety	6
Experience Managing Environment Issues in an Organisation	4
Project Delivery	6
Sector / Industry Experience – Healthcare	7
Geographic Experience – Global	5
Geographic Experience – Asia Pacific	5
International Business	5
Finance	4
Accounting	2
Mergers and Acquisitions / Equity / Capital Markets	3
Experience in Growing a Business	6
Experience in Implementing Capital Projects	4
Business Development	7
Risk Management	6
Marketing	3
Remuneration	5
Government Relations	6
Human Resources Management / People	5
Professional Services	3
Gender Diversity – worked with females on Boards	7
Early Stage Pharmaceutical and Diagnostics	7
Tertiary Qualifications	6
Post-Graduate Business Studies and CA or CPA	1
Residency in Australia	7
Significant Research and Development Experience	7
Legal and Intellectual Property	6

Rules 4.7.3 and 4.10.3¹

Appendix 4G

Key to Disclosures

Corporate Governance Council Principles and Recommendations

Introduced 01/07/14 Amended 02/11/15

Name of entity

Vectus Biosystems Limited (ASX:VBS)

ABN / ARBN

54 117 526 137

Financial year ended:

30 June 2016

Our corporate governance statement² for the above period above can be found at:³

- ☐ These pages of our annual report:
- ☒ This URL on our website:
<http://www.vectusbiosystems.com.au/investor-centre/corporate-governance/>

The Corporate Governance Statement is accurate and up to date as at **28 September 2016** and has been approved by the board.

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

Date: **29 September 2016**

Name of ~~Director or~~ Secretary authorising lodgement: **Robert J Waring**

¹ Under Listing Rule 4.7.3, an entity must lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of rule 4.10.3.

² "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.

³ Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity's corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
PRINCIPLE 1 – LAY SOLID FOUNDATIONS 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 fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i> ... and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management): <input checked="" type="checkbox"/> in the Company's Corporate Governance Compliance Manual in the Investor Centre section of its website at www.vectusbiosystems.com.au under Corporate Governance	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable

⁴ 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		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
1.5	<p>A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>	<p>... the fact that we have a diversity policy that complies with paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of our diversity policy or a summary of it:</p> <p><input checked="" type="checkbox"/> in the Company's Corporate Governance Compliance Manual in the Investor Centre section of its website at www.vectusbiosystems.com.au under Corporate Governance</p> <p>... and the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraphs (c)(1) or (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input checked="" type="checkbox"/> in the Company's Corporate Governance Compliance Manual in the Investor Centre section of its website at www.vectusbiosystems.com.au under Corporate Governance</p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</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		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
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, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a nomination committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> in the Company's Corporate Governance Compliance Manual in the Investor Centre section of its website at www.vectusbiosystems.com.au under Corporate Governance</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a nomination committee and the processes we employ to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	<p>... our board skills matrix:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</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		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	... the names of the directors considered by the board to be independent directors: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i> ... and, where applicable, the information referred to in paragraph (b): <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i> ... and the length of service of each director: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
2.4	A majority of the board of a listed entity should be independent directors.	... the fact that we follow this recommendation: <input type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>	<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY			
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	... our code of conduct or a summary of it: <input type="checkbox"/> in our Corporate Governance Statement OR <input checked="" type="checkbox"/> in the Company's Corporate Governance Compliance Manual in the Investor Centre section of its website at www.vectusbiosystems.com.au under Corporate Governance	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING		
<p>4.1 The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have an audit committee that complies with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at [insert location]</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> in the Company's Corporate Governance Compliance Manual in the Investor Centre section of its website at www.vectusbiosystems.com.au under Corporate Governance ... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement AND</p> <p><input checked="" type="checkbox"/> in the About Us section of the Company's website under Leadership Team (which can be found in the Investor Centre section) AND</p> <p><input checked="" type="checkbox"/> in the Directors' Report in the Company's Annual Report.</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at [insert location]</p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
<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.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at [insert location]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

+ See chapter 19 for defined terms

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
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.	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity that does not hold an annual general meeting and this recommendation is therefore not applicable</p>
PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE			
5.1	A listed entity should: <p>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>... our continuous disclosure compliance policy or a summary of it:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input checked="" type="checkbox"/> in the Company's Corporate Governance Compliance Manual in the Investor Centre section of its website at www.vectusbiosystems.com.au under Corporate Governance</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
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.	<p>... information about us and our governance on our website:</p> <p><input checked="" type="checkbox"/> at www.vectusbiosystems.com.au, particularly in the Investor Centre and About Us sections</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
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.	<p>... our policies and processes for facilitating and encouraging participation at meetings of security holders:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement AND</p> <p><input checked="" type="checkbox"/> in our Shareholders Communications Policy, which is available in the Company's Corporate Governance Compliance Manual in the Investor Centre section of its website at www.vectusbiosystems.com.au under Corporate Governance</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity that does not hold periodic meetings of security holders and this recommendation is therefore not applicable</p>
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.	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
PRINCIPLE 7 – RECOGNISE AND MANAGE RISK			
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at [insert location]</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> in the Company's Corporate Governance Compliance Manual in the Investor Centre section of its website at www.vectusbiosystems.com.au under Corporate Governance</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at [insert location]</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at [insert location]</p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>... the fact that board or a committee of the board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at [insert location]</p> <p>... and that such a review has taken place in the reporting period covered by this Appendix 4G:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at [insert location]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
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 risk management and internal control processes.	<p>[If the entity complies with paragraph (a):] ... how our internal audit function is structured and what role it performs:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):] ... the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
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.	<p>... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
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, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a remuneration committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> in the Company's Corporate Governance Compliance Manual in the Investor Centre section of its website at www.vectusbiosystems.com.au under Corporate Governance</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a remuneration committee and the processes we employ for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	<p>... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input checked="" type="checkbox"/> in the Remuneration Report in our Annual Report</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>... our policy on this issue or a summary of it:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement AND</p> <p><input checked="" type="checkbox"/> in the IPO Prospectus dated 23 November 2015</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable OR</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		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES			
-	<p><i>Alternative to Recommendation 1.1 for externally managed listed entities:</i></p> <p>The responsible entity of an externally managed listed entity should disclose:</p> <p>(a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity;</p> <p>(b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.</p>	<p>... the information referred to in paragraphs (a) and (b):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
-	<p><i>Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:</i></p> <p>An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.</p>	<p>... the terms governing our remuneration as manager of the entity:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>