

# **Corporate Governance Statement\***

ARBN 152 854 923

---

*\* Approved for release by the Board of Directors of Osprey Medical Inc.*

## 2021 CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Osprey Medical Inc. is responsible for the governance of the Company and its controlled entity. Good corporate governance is a fundamental part of the culture and business practices of the Company.

The Board of Directors confirms that the Company's corporate governance framework complies in almost all respects with the ASX's Corporate Governance Council's *Corporate Governance Principles and Recommendations* (4th Edition) ("Recommendations") and that where it does not comply, it is due to the current relative size of the Company, its stage of development and commercialization, and the scale and nature of its operations. The Council recognises that different entities may legitimately adopt different governance practices, based on a range of factors, including their size, complexity, history and corporate culture.

The Company provides below a review of its corporate governance framework using the same numbering as adopted for the Recommendations within the ASX Corporate Governance Recommendations.

Further details in relation to the Company's governance framework are set out in a dedicated corporate governance information section on the Company's website at <https://ospreymed.com/investors/corporate-governance/>. This section of the Company's website contains copies of all of the corporate governance policies and Board Committee charters.

This Corporate Governance Statement was been approved by the Board of Directors of the Company on, and is current as at 1 March, 2022.

### Principle 1: Lay solid foundations for management and oversight

The Company did not comply with Recommendations 1.3 and 1.5, but it did comply with Recommendations 1.1, 1.2, 1.4, 1.6 and 1.7 for the financial year ended 31 December 2021.

#### 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's responsibilities are defined in the Board Charter, a copy of which is available on the Company's website at <https://ospreymed.com/investors/corporate-governance/> and there is a clear delineation between the functions reserved for the Board and those conferred upon the chief executive officer and certain other officers of the Company for the day-to-day management of operations.

#### Recommendation 1.2:

*A listed entity should:*

- (a) undertake appropriate checks before appointing a director or senior executive or putting someone forward for election as a director; and*
- (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.*

The Company has in place a process to undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director.

The Company will 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.

#### Recommendation 1.3:

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

The Company has formal contracts with its independent non-executive directors Mr. John Erb, Mr. Steve Brandt, Mr. Martin Emerson, Mrs. Sandra Lesenfants and Mr. Neville Mitchell setting out the terms of their appointment.

There is currently no formal contract with Dr. Christopher Nave. The Company considers that there is sufficient certainty as to the terms of the appointment of Dr. Nave that a written agreement is not necessary at this stage and noting that Dr. Nave is not paid a director's fee by the Company.

The Company has written agreements with its senior executives including Mr. Mike McCormick, CEO, setting out the terms of their appointment.

**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 Company Secretary is accountable to the Board, through the Chairman, on all matters relating to governance and the effective operation of the Board.

**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 adopted a Diversity Policy. The Company's Diversity Policy confirms that as the Company moves closer to achieving its commercialisation goals and increases its number of employees, it will:

- (a) establish appropriate and measurable objectives for achieving gender diversity and annually review; and
- (b) assess both the measurable objectives for achieving gender diversity and the Group's progress in achieving them.

As at the date of the report, the proportion of women in the company as a percentage of its total employees was 14 out of 34 or 42%. The Company employs Ms. Nancy Ness, as its Chief Financial Officer. Ms. Ness reports to the CEO and is a member of the Company's Executive Staff. The Company also employs Ms. Sarah Runde, as the Company's Senior Director of Clinical Affairs. Ms. Runde reports to the CEO and is a member of the Company's Executive Staff. In addition, Ms. Melanie Hess, is the Company's Vice President of Regulatory Affairs. Ms. Hess reports to the CEO and is a member of the Company's Executive Staff.

The proportion of women as a total of the senior executive (Vice President) positions is 3 out of 6, or 50.0%.

A copy of the Company's Diversity Policy is available on the Company's website at <https://ospreymed.com/investors/corporate-governance/>

**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's process for periodically evaluating the performance of the board, its committees and individual directors is for each director to complete a survey and undertake an assessment of the performance of the Board including:

- the effectiveness of the Board and each committee on which they served;

- the extent to which the responsibilities set forth in the respective charters of the Board and each committee were met;
- the quality of reporting from and interaction with management; and
- the extent to which substantive issues were appropriately prioritised and considered during Board meetings.

One on one Board and Committee performance related discussions are held between the Chairman and each director and as deemed appropriate following receipt of the survey results by the Chairman.

A review was conducted during the 2021 year in accordance with the process described above. Constructive feedback was provided to the Chairman by each director and from the Chairman to each director. Based on the assessments performed, it was determined that the Board and its committees were operating effectively.

#### **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*

In accordance with the Board Charter, the directors' responsibilities include monitoring the performance of senior executives (including the CEO) and ensuring that succession plans are in place. The Board has established a Nomination and Remuneration Committee which is responsible for reviewing executive remuneration and incentive policies and practices, and ensuring that the policies and practices are performance based and aligned with the Company's vision, values and overall business objectives.

The Board and Nomination and Remuneration Committee ensure that an evaluation of the senior management team is undertaken at least annually. The methodology by which the CEO will evaluate his senior management team is reviewed by the Committee and Board.

The Nomination and Remuneration Committee annually reviews the performance of the CEO and recommends to the Board the key performance targets of the CEO.

In addition, the Board has established a process whereby it reviews senior executive performance at each meeting of the Board. Feedback is provided to the CEO as deemed appropriate by the Board.

A performance evaluation of the Company's senior management team was undertaken in accordance with the process described during the year.

A copy of the Nomination and Remuneration Committee Charter is available on the Company's website at <https://ospreymed.com/investors/corporate-governance/>

#### **Principle 2: Structure the board to be effective and add value**

The Company did not comply with Recommendations 2.1 but it did comply with Recommendations 2.2 to 2.6 for the financial year ended 31 December 2021.

#### **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 has established a Nomination and Remuneration Committee, however a majority of the members of the Committee is not independent.

The current members of the Nomination and Remuneration Committee are: Dr. Christopher Nave and Mr. John Erb. Dr. Nave is not considered to be an independent director of the Company under the ASX Corporate Governance Principles and Recommendations due to his position at a fund manager that has an association with some of the Company's major shareholders. (Dr. Nave, is a Partner of Brandon Capital Partners.) Each of the members of the Nomination and Remuneration Committee are non-executives,

Dr. Nave does not receive directors' fees paid by the Company. Having regard to the Company's stage of development and the collective experience and expertise of the members of the Nomination and Remuneration Committee, the Board considers the current composition of the Committee to be appropriate.

The Nomination and Remuneration Committee's authority, responsibilities, composition and membership requirements are documented in the Committee's charter approved by Board, which is available on the Company's website at <https://ospreymed.com/investors/corporate-governance/>

Details of directors' attendance at meetings during the reporting period are disclosed below.

**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 has determined that, in terms of the mix of skills and diversity it is looking for in its membership, it is best served by having a mix of individuals with different perspectives that have expertise and a breadth of experience in the following areas:

- strategy and innovation;
- leading, managing and overseeing corporations in a range of industry sectors (including the medical technology sector), at both executive and Board level;
- corporate governance, finance and risk management; and
- medical technology/life science companies.

Details in relation to the skills and diversity of each director may be found on the Company's website at <https://ospreymed.com/investors/corporate-governance/>

The Board considered as part of its performance review during the 2021 financial year its skills, experience and composition and considered its current composition to be appropriate given the strategic direction of the Company and its stage of development.

**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.*

The Company has assessed the independence of its directors against the requirements for independence which are set out in Principle 2 of the ASX Corporate Governance Principles and Recommendations. A director is independent if he or she is a non-executive director, not a member of management and free of any business or other relationship that could materially interfere with (or be perceived to materially interfere with) the independence of his or her judgement.

Mr. John Erb has served on the Board for greater than 10 years. Director tenure is a factor taken into account by the Board in assessing the independence of a director but is not determinative. In assessing Mr. Erb's independence, the Board assessed whether he would be able to continue to bring valuable expertise, independent judgement and the ability to act in the best interests of the Company beyond the term of 10 years.

The Board is satisfied that Mr. Erb has not formed associations with management or others that might compromise his ability to fulfil his role as an independent director.

Mr. Steve Brandt joined the Board on 1 July 2021 and Mr. Martin Emerson joined the Board on 12 August 2021.

Mr. Steve Brandt, Mr. Martin Emerson, Mrs. Sandra Lesenfants and Mr. Neville Mitchell are also considered to be independent directors of the Company.

As stated above, Dr. Christopher Nave is not considered to be an independent director of the Company under the ASX Corporate Governance Principles and Recommendations due to his position at a fund manager that has an association with some of the Company's major shareholders.

Mr. Mike McCormick, CEO and a director of the Company, is not an independent director.

Accordingly, the majority of the Company's Board was comprised of independent directors during the full financial year.

The current composition of the Board of directors and length of tenure of each member is as follows:

<i>Name</i>	<i>Position</i>	<i>Date appointed</i>	<i>Independent</i>	<i>Audit &amp; Risk Committee</i>	<i>Nomination &amp; Remuneration Committee</i>
Mr. John Erb	Chairman (non-executive)	21 June 2007	YES	YES	YES
Mrs. Sandra Lesenfants	Director (non-executive)	20 June 2017	YES	NO	NO
Mr. Steve Brandt	Director (non-executive)	1 July 2021	YES	NO	NO
Mr. Martin Emerson	Director (non-executive)	12 August 2021	YES	NO	NO
Mr. Michael McCormick	Managing Director (executive)	1 March 2010	NO	NO	NO
Mr. Neville Mitchell	Director (non-executive)	1 July 2012	YES	CHAIR	NO
Dr. Christopher Nave	Director (non-executive)	24 October 2005	NO	YES	CHAIR

The number of directors' meetings (including meetings of committees) and number of meetings attended by each of the directors during the reporting period are as follows:

<i>Director</i>	<i>Committee Meetings</i>					
	<i>Board Meetings</i>		<i>Audit &amp; Risk Committee</i>		<i>Nomination and Remuneration Committee</i>	
	<i>A</i>	<i>B</i>	<i>A</i>	<i>B</i>	<i>A</i>	<i>B</i>
Mr. John Erb	21	21	2	2	2	2
Mr. Steve Brandt	11	11	-	-	-	-
Mr Martin Emerson	9	8	-	-	-	-
Mr. Michael McCormick	21	21	2*	2	2*	2
Mrs. Sandra Lesenfants	21	15	-	-	-	-
Mr. Neville Mitchell	21	18	2	2	-	-
Dr. Christopher Nave	21	18	2	2	2	2

A – Number of meetings attended.

B – Number of meetings held during the time the director held office during the reporting period.

\* Not a member, but in attendance for at least part of the Committee meetings.

**Recommendation 2.4:**

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

A majority of the Board was independent during the 2021 full financial year. Please refer to the response to Recommendation 2.3.

**Recommendation 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 roles of Chairman and CEO are exercised by two separate individuals and the Company's Chairman is an independent director.

**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*

The Company has an induction program for new directors which provides a summary of the Company and its products and activities to assist a new director to become effective in their role.

**Principle 3: Instil a culture of acting lawfully, ethically and responsibly**

The Company complied with Recommendations 3.1 to 3.4 for the financial year ended 31 December 2021.
---

**Recommendation 3.1:**

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

The Company's Values are incorporated in its Code of Conduct and its Employee Handbook. The Code of Conduct articulates the high standards of honesty, integrity, ethical and law-abiding behaviour expected by the Company of its directors and employees. It confirms that the Company expects each director and employee to observe these standards when performing their duties and dealing with any officer, employee, shareholder, customer, supplier, auditor, lawyer and other adviser of the Company. The Company's Employee Handbook (an internal document) reinforces the standards expected of its directors and employees.

A copy of the Company's Code of Conduct Policy is available on the Company's website at <https://ospreymed.com/investors/corporate-governance/>

**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.*

The Company has adopted a Code of Conduct which applies to all directors and employees of the Company, as well as a Securities Trading Policy.

Copies of the Company's Code of Conduct and the Securities Trading Policy are available on the Company's website at <https://ospreymed.com/investors/corporate-governance/>

**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*

The Company has a Whistleblower Policy and the Board is informed of any material incidents reported under that policy.

A copy of the Company's Whistleblower Policy is available on the Company's website at <https://ospreymed.com/investors/corporate-governance/>

**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.*

The Company has adopted an anti-bribery and corruption policy and it is available on the Company's website at <https://ospreymed.com/investors/corporate-governance/>. In addition, the Company's Code of Conduct and various internal policies confirm that illegal acts such as bribery and corruption by directors and employees are not tolerated and are against the high standards expected of directors and employees.

**Principle 4: Safeguard the integrity of corporate reports**

The Company complied with Recommendations 4.1 to 4.3 for the financial year ended 31 December 2021.

**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 nonexecutive 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.*

The Audit and Risk Committee consists of three non-executive directors: Mr. Neville Mitchell, Dr. Christopher Nave and Mr. John Erb. The Audit and Risk Committee is comprised of a majority of independent Directors.

The Chairman of the Audit and Risk Committee, Mr. Mitchell, is an independent director; the roles of Chairman of the Board and Chairman of the Audit and Risk Committee are exercised by two separate individuals.

The qualifications and experience of the members of the committee are disclosed separately on the Company's website at <https://ospreymed.com/investors/corporate-governance/>

The Audit and Risk Committee's authority, responsibilities, composition and membership requirements are documented in the Audit and Risk Committee charter approved by Board, which is available on the Company's website at <https://ospreymed.com/investors/corporate-governance/>

**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.*

Before it approves the Company's financial statements for a financial period, the Board seeks from its Chief Executive Officer and Chief Financial Officer 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 fair and accurate 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 Company is giving a “fair and accurate” view, which is appropriate as the Company applies the accounting principles generally accepted in the United States and further, the declaration of ‘true and fair’ standard is a Corporations Act requirement that does not apply to the Company because it is incorporated outside of Australia.

**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.*

The Company has established a Disclosure Committee to review periodic corporate reports (Appendix 4C – Quarterly Cashflow Report) it releases to the market that are not audited or reviewed by an external auditor.

**Principle 5: Make timely and balanced disclosure**

The Company complied with Recommendations 5.1 to 5.3 for the financial year ended 31 December 2021.
---

**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.*

The Company has adopted a Continuous Disclosure Policy.

A copy of the Company’s Continuous Disclosure Policy is available on the Company’s website at <https://ospreymed.com/investors/corporate-governance/>

**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 Board receives copies of all material market announcements promptly after they have been 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 ensures that a copy of any new and substantive investor or analyst presentation is released on the ASX Market Announcements Platform ahead of presentation.

**Principle 6: Respect the rights of security holders**

The Company complied with Recommendations 6.1 to 6.5 for the financial year ended 31 December 2021.
---

**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 framework and practices are disclosed on the Company’s website at <https://ospreymed.com/investors/corporate-governance/>

**Recommendation 6.2:**

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

The Company engages an external investor relations consultant, to facilitate engagement with investors and address queries which arise from time to time from stockholders. The Company through its investor relations consultant, Continuous Disclosure Policy, market updates, financial reporting and website, provides investors with the opportunity to have an understanding of the Company’s business, governance and financial performance. The CEO also meets with major stockholders.

**Recommendation 6.3:**

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

The Company has adopted a Communications Policy for stockholders wishing to communicate with the Board. All stockholders are invited to attend the Company's annual meeting of stockholders, either in person or by representative, being the forum in which to discuss issues relevant to the Company. Stockholders will have an opportunity to address questions directly to the Board at the Annual Meeting of Stockholders to be held on 2 June 2022 (Melbourne time).

A copy of the Company's Communications Policy is available on the Company's website at <https://ospreymed.com/investors/corporate-governance/>

**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.*

All stockholder resolutions will be undertaken in accordance with the Company's amended and restated bylaws, amended and restated certificate of incorporation, Delaware law and the ASX Listing Rules. Resolutions will not be determined by a show of hands; rather every stockholder shall at every meeting of the stockholders be entitled to one vote in person or by proxy for each share held by such stockholder.

**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.*

Stockholders are able to contact the Company or, its share registrar, Link, by mail, telephone, email or via online access. Stockholders may choose to receive communication from, and send communications to, the Company and Link electronically.

**Principle 7: Recognise and manage risk**

The Company complied with Recommendations 7.1 to 7.4, for the financial year ended 31 December 2021.
--

**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.*

Please refer to the response to Recommendation 4.1.

**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 Board has confirmed that management is responsible for designing and implementing risk management and internal compliance and control systems which identify material risks of the Company. The Board is responsible for reviewing and setting the Company's risk appetite. The Board is also responsible for ratifying the risk management structure, processes and guidelines which are developed and maintained by management.

Management, with the oversight of the Audit and Risk Committee and Board, has established and implemented the risk management system for assessing, monitoring and managing the Company's material risks.

The Board has reviewed the Company's risk management framework in the last 12 months to satisfy itself that it continues to be sound.

**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 does not have an internal audit function.

In conjunction with the Company's other corporate governance policies, the Company has adopted policies and processes to assist it to identify, evaluate and mitigate technological, economic, operational and other risks. The Audit and Risk Committee with oversight from the Board reviews and assesses the Company's processes for evaluating and continually improving the effectiveness of its risk management and internal control processes. The Board reviews the Company's key risks and the mitigation strategies that are in place.

The Company has established a Risk Management Policy. A copy of the Company's Risk Management Policy is available on the Company's website at <https://ospreymed.com/investors/corporate-governance/>

**Recommendation 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.*

The Board has overseen the development by management of a comprehensive process to identify and manage key business risks.

The Company is not subject to material environmental or social risks.

**Principle 8: Remunerate fairly and responsibly**

The Company did not comply with Recommendation 8.1, but did comply with Recommendations 8.2 and 8.3, for the financial year ended 31 December 2021.

**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.*

Please refer to the responses to Recommendation 2.1.

**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.*

The Board and its Nomination and Remuneration Committee are responsible for reviewing and approving executive remuneration and incentive policies and practices, and ensuring that the policies and practices are performance based and aligned with the Company's vision, values and overall business objectives. The

Company has a clear distinction between the structure of non-executive directors' remuneration and that of executive directors and senior executives.

Disclosure in relation to the Company's stock incentive plan that provides for the issuance of incentive and non-qualified stock options to employees and directors is provided in the 2021 Annual Report.

Dr. Christopher Nave is not paid a director's fee by the Company.

At the Annual Meeting of Stockholders held on 19 June 2020, stockholders approved the issue of unlisted options to subscribe for Shares (**Options**) to Mr. John Erb, Mr. Neville Mitchell and Mrs. Sandra Lesenfants in lieu of directors' fees. Further information may be obtained from the Company's 2020 Notice of Annual Meeting. A summary of the remuneration paid in 2021 to the directors is summarised in the table below:

<i><b>Name</b></i>		<i><b>2021 RemunerationPaid</b></i>	<i><b>Options issued in 2021 in lieu of non-executive director remuneration as approved at the 2020 Annual Meeting*</b></i>	<i><b>Options issued in addition to remuneration as approved at 2021 Annual Meeting and September 2021 EGM*</b></i>
Mr. John Erb	Chairman (non-executive)	US\$21,250	25,376	15,000
Mrs. Sandra Lesenfants	Director (non-executive)	US\$11,250	13,435	5,000
Mr. Steve Brandt	Director (non-executive)	US\$11,250	Nil	12,835
Mr. Martin Emerson	Director (non-executive)	US\$7,500	Nil	12,835
Mr. Michael McCormick	Managing Director (executive)	US\$627,809	Nil	250,000
Mr. Neville Mitchell	Director (non-executive)	US\$16,500	19,406	7,000
Dr. Christopher Nave	Director (non-executive)	NIL	NIL	NIL

*\*Number of Options issued shown above has been updated to reflect the impact of the reverse stock split of 100:1 approved by stockholders on 3 September 2021.*

Directors may be reimbursed for travel and other expenses incurred in attending to the Company's affairs.

All senior executives of the Company are subject to an annual performance review. Each year the CEO sets senior executive key performance targets. These targets are aligned to the overall business goals and the Company's requirements. In the case of the CEO, these key performance targets are negotiated between the CEO and the Board. The Nomination and Remuneration Committee reviews the evaluation process as required. Short term incentives are dependent on the outcome of these evaluations.

The Board ensures that an evaluation of the senior management team is undertaken at least annually.

### **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's Share Trading Policy prohibits participants in the Company's share or option plans from using derivatives or engaging in any conduct that seeks to have the effect of providing greater benefit than would otherwise have been realised by the participant in respect of unvested Company securities.

Please refer to the Company's Share Trading Policy for further details. A copy of the Company's Share Trading Policy is available on the Company's website at <https://ospreymed.com/investors/corporate-governance/>

**Principle 9: Additional recommendations that apply only in certain cases**

Recommendation 9.1 was not applicable to the Company.  
The Company complied with Recommendations 9.2 and 9.3, for the financial year ended 31 December 2021.

**Recommendation 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.*

Not applicable

**Recommendation 9.2:**

*A listed entity established outside Australia should ensure that meetings of security holders are held at a reasonable place and time.*

The Company ensures that meetings of security holders are held at a reasonable place and time.

**Recommendation 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.*

The Company ensures that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.