

## Control Bionics Limited Board and Officers

### **Roger Hawke**

Independent, Non-Executive Chairman

BEng, MES, MBA, MAICD

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Roger has over 30 years of experience in the telecommunications and technology space, having recently retired after 8 years as CEO & Managing Director of Crown Castle Australia/Axicom, and brings a high level of experience particularly in Technology, Operations, Sales and Management. Roger holds BEng (SAIT), MES (Sydney) and MBA (Macquarie) degrees and is a Member of the Australian Institute of Company Directors.

Roger joined the Board of Control Bionics in October 2018, and is a Non-Executive Director of Infrastructure Logic Pty Limited.

### **Rob Wong**

Managing Director and CEO, Executive Director

BBus, MBA

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Rob has over 25 years of experience with multinational businesses in senior management and divisional operational roles. He brings strong management experience in developing and commercialising technology products and services. Rob was appointed as CEO and Managing Director in January 2017.

He is also an entrepreneur and angel investor having been involved with several successful tech start-up businesses. He also held the position of CEO at AIMIA Digital Industry Association of Australia. Rob holds a Bachelor of Business (Monash University) and has an MBA from Mt Eliza/Melbourne University.

### **Damian Lismore**

Independent Non-Executive Director

BA (Hons), MBA, CA, FCA (Ireland), GAICD

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Damian has held a number of Directorships and has extensive commercial, international and listed company experience (both ASX and NASDAQ), covering many industries including healthcare and technology. In his Executive career, he held CEO, CFO and Company Secretarial roles and continues to act as an advisor to CEOs, boards and business owners.

Damian joined the Control Bionics Board in September 2020 and is a Graduate Member of Australian Institute of Company Directors, Member of Chartered Accountants Australia and New Zealand, Fellow of Chartered Accountants in Ireland and hold a BA (Honours) Accountancy. Damian is currently CFO of Scout Bio Inc, a Frazier Healthcare Partners backed company, and a Non-Executive Director of ASX listed LBT Innovations Limited (ASX:LBT).

**Peter Ford**

Founder, Director of Innovation and Executive Director

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After spending three years as a founding programmer at the Veterans Administration Medical Center Rehabilitation R&D Laboratory in Atlanta – one of the first of its kind in the USA – while a news anchor at CNN and CNN2, Peter began consulting to therapists and disability clients in innovative Assistive Technology, including bionics and robotics. He was inspired by the potential to help free one of the world's great minds, Professor Stephen Hawking. In 2000, Peter identified that a patient's disabled muscles still emitted small electrical signals that could be used to reliably control basic computer functions. And with that, Control Bionics was born.

Peter is the Company Founder and has been a Director of the Company since its incorporation in 2005.

**Lindsay Phillips**

Non-Executive Director

BCom, CA

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Lindsay has been involved in private equity for over 30 years, commencing in 1987 with M.J.H. Nightingale & Co. Limited in London/New York and subsequently Australia since 1995. His experience includes seven years (1980-87) with Price Waterhouse. Lindsay is currently Chairman of Nightingale Partners and serves as a Director on the majority of the funds' investee companies.

Lindsay has been a Non-Executive Director of Control Bionics since August 2014. Lindsay has held a number of listed company board positions. He is currently Chairman of Enprise Group Limited, listed on NZX, and has been a board member since December 2013. He is a Director of Mayfiled Group Holdings Limited (ASX:MYG) and was previously chairman of Flat Glass Industries Limited from 2003 to 2015.

Lindsay holds a Bachelor of Commerce from the University of Western Australia and is a Member of the Institute of Chartered Accountants in Australia and New Zealand.

**Brett Crowley**

Company Secretary

BCom Dip. Law

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Brett is a practicing solicitor and a former Partner of Ernst & Young in Hong Kong and Australia, and of KPMG in Hong Kong.

He is a former Senior Legal Member of the NSW Guardianship Tribunal and NSW Civil and Administrative Tribunal. Mr Crowley was appointed to the Guardianship Tribunal on the basis of his experience with people with a disability.

Mr Crowley is chairman of Jatcorp Limited (ASX:JAT), Non-Executive Director of Uscom Limited (ASX:USC) and Credit Intelligence Ltd (ASX: CI1). Mr Crowley is currently company secretary of ASX-listed companies including MYG, HT8 and FPC.

## Corporate governance statement

Control Bionics is committed to maintaining and promoting high standards of corporate governance. We believe this underpins strong business performance and the trust and goodwill of stakeholders – including shareholders, customers, employees and regulators.

By corporate governance we mean the structures for accountability and the framework of rules, relationships, systems and processes by which authority is exercised and managed within our Company.

This report outlines Control Bionics' principal governance arrangements and practices. It is current as at 20 November, 2020 and has been approved by the Board of Directors (Board).

Our Board and its Committees regularly review our governance arrangements and practices to ensure they are in line with regulatory requirements and developments in industry expectations, and continue to support the Company's strategic objectives.

Our governance arrangements have been developed to be consistent with the fourth edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (Principles and Recommendations) throughout the reporting period. This statement reports compliance with the fourth edition.

The Control Bionics documents referenced in this Corporate Governance Statement are available on the Control Bionics Website at [www.controlbionics.com/investors/](http://www.controlbionics.com/investors/).

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

#### Corporate governance framework

Control Bionics Limited is a technology company that has pioneered the use of Electromyography (EMG) signals as a means of enabling people, including those with a severe level of incapacity or spasticity to control devices such as smartphones, tablets, computers, electric wheelchairs, environmental controls and robotics, among others. The Company currently has offices in Australia and the USA, and is planning to expand into other markets around the globe.

Below is a diagram that provides an overview of Control Bionics' Corporate Governance structure.

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**The role of the Board**

The Board is accountable to shareholders for the performance of the Company and for promoting long-term value creation for shareholders.

The Board’s role and responsibilities are detailed in its Charter.

The Board is responsible for the overall corporate governance of the Company, including establishing and monitoring key performance goals. The Board monitors the operational and financial position and performance of the Company and oversees its business strategy, including approving the strategic goals of the Company and considering and approving an annual business plan (including a budget).

The Board is committed to maximising performance, generating appropriate levels of Shareholder value and financial return, and sustaining the growth and success of the Company. In conducting the Company's business with these objectives, the Board seeks to ensure that the Company is properly managed to protect and enhance Shareholder interests, and that the Company and its Directors, officers and personnel operate in an appropriate environment of corporate governance. Accordingly, the Board has created a framework for managing the Company, including adopting relevant internal controls, risk management processes and corporate governance policies and practices which it believes are appropriate for the Company's business and which are designed to promote the responsible management and conduct of the Company.

The Board has set the Company's vision to become the dominant provider of bionic technology solutions which reconnect injured, ill and disabled people to the world around them, and to leverage our technology for new and innovative applications.

The Board's current governance priorities include:

- meeting or exceeding the governance principles appropriate for an ASX listed entity, as we manage the transition from private to public company. This includes the adoption of a new Constitution, Board Charter and a new suite of Policy Documents, all of which are available on the Company's website;
- ensuring the continued success of the Company throughout the global COVID-19 pandemic, maintaining a focus on customer support, the safety and security of our people and a sustainable growth strategy; and
- ensuring a Board composition appropriate to the Company's needs.

The Board will continue to review and adapt its governance policies and practices in accordance with its commitment to continuous improvement in all aspects of the business

## Board Committees

The Board has established two Committees to assist it in discharging its role and responsibilities:

- Audit and Risk Committee; and
- Nomination and Remuneration Committee.

The role and responsibilities of the Committees are set out in each Board Committee Charter and are summarised in this Corporate Governance Statement.

Other Committees may be established by the Board from time to time to consider other matters of special importance. Membership of Board Committees will be based on the needs of the Company, relevant legislative and other requirements, and the skills and experience of individual Directors.

Our Board Committee Charters are available on Control Bionics' website at [www.controlbionics.com/investors/](http://www.controlbionics.com/investors/).

## Responsibilities of management

The matters reserved to the Board are set out in the Control Bionics Board Charter. The Board has delegated other matters to management, subject to financial and other limits.

The Managing Director and CEO (CEO) has been delegated authority for matters that are not reserved to the Board or delegated to the Board Committees.

The CEO's responsibilities include (but are not limited to):

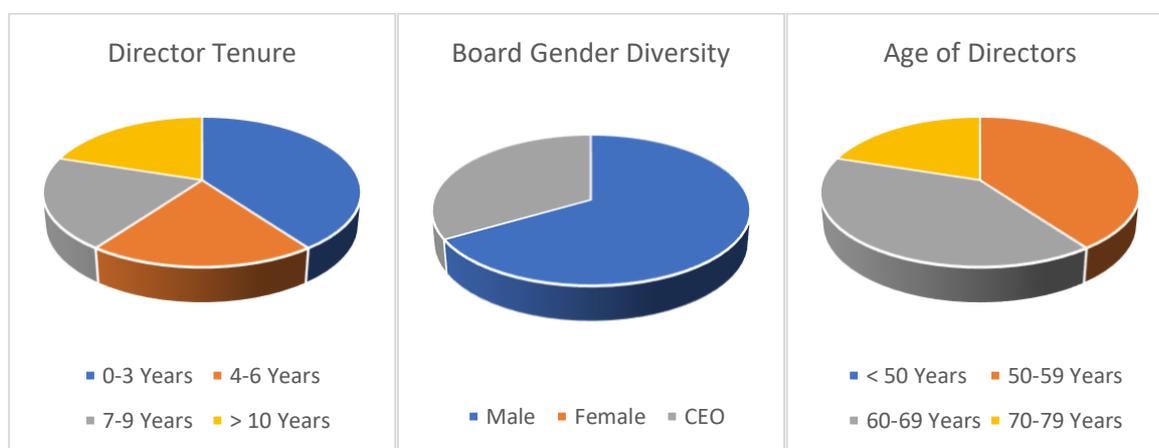
- executing the Company strategy and business direction as agreed with the Board;
- delivering to and exceeding key performance metrics for the business;
- preparing the annual business plan for approval by the Board;

- ensuring compliance with all relevant internal and external policies and procedures;
- regular reporting to the Board;
- Company culture, team morale and individual development;
- building and leading the senior executive team; and
- living the Company values, and instilling our sense of purpose and values in our people.

The CEO is supported by executives who regularly attend and present at Board meetings. The CEO has determined delegations to relevant executives.

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 Board appoints the Company Secretary with their role set out in the Board Charter.

### Nomination and appointment of Directors



The Board has established a Nomination and Remuneration Committee to help bring the focus and independent judgement needed for decisions regarding the composition of the Board.

The role of the Nomination and Remuneration Committee is to assist and advise the Board:

- to ensure it is of a size and composition conducive to making appropriate decisions; and
- to advise on remuneration policies and practices for persons whose activities (individually or collectively) affect the financial soundness of the Company.

This includes reviewing and making recommendations to the Board on the Company's remuneration framework for Directors and the remuneration packages to be awarded to senior executives, as well as incentive compensation (including equity-based remuneration plans for senior executives and other employees). In addition, the Committee is responsible for identifying and making recommendations to the Board for the appointment of new Board candidates and overseeing the development and implementation of a process for the evaluation of the Board and individual Director performance.

The Nomination and Remuneration Committee undertakes checks before appointing Directors and senior executives. These checks include education, employment, character, criminal history and bankruptcy checks. A good fame and character assessment and statutory declaration is required by all Directors.

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The Nomination and Remuneration Committee is comprised of three Non-Executive Directors and a majority of independent Directors. The Control Bionics Chairman, Roger Hawke, is an independent Director and chairs the Committee. Damian Lismore, also an independent Director and Lindsay Phillips are the other Committee members.

The Nomination and Remuneration Committee Charter is available on Control Bionics' website at [www.controlbionics.com/investors/](http://www.controlbionics.com/investors/).

## Director election and Board renewal

The Board, in consultation with the Nomination Committee, regularly reviews its succession plans.

Directors, except the CEO are generally elected for a three-year term. Retiring Directors are not automatically reappointed.

Any Director (except the CEO) who has been appointed during the year must stand for election at the next Annual General Meeting (AGM). Control Bionics provides shareholders with all material information in its possession that is relevant to a decision on whether to elect (or re-elect) a Director.

New Directors receive a letter of appointment that outlines Control Bionics' expectations about time commitments, compliance with Company policies and regulatory requirements.

Control Bionics has a program for inducting new Directors. Amongst other things, new Directors typically receive briefings from the Chairman, CEO and other executives and Committee Chairs where relevant, on current priorities and key activities. Where relevant, an introduction is made to any relevant external parties including the external auditors.

William McMurray recently retired from the Control Bionics Board. The Board offers its thanks to William McMurray for the valuable contribution he has made to the Company through its formative stages, and wish him well for the future. Damian Lismore was appointed as a replacement Director on 30 September 2020 and will stand for election at the 2021 AGM.

## Diversity

Control Bionics is committed to promoting diversity within the Company and recognises the value of diversity in achieving our corporate objectives and maximising value to shareholders. To this end, Control Bionics aims to promote and implement diversity strategies:

- 1) in its employment practices, to provide diversity in employees' experiences, perspectives, professional skills, gender, age, sexual orientation, ethnicity and cultural background; and
- 2) across all components of the Company's business practices, including through its education programs, selection programs for consultants, mentoring programs and community and corporate social responsibility initiatives.

The Company considers that diversity within the Company will improve the quality of decision making, productivity and teamwork amongst its employees. This policy applies to the Company's Board, senior management, employees and contractors.

Valuing and managing diversity means that the Company will:

- 1) facilitate equal employment opportunities based on relative ability, performance or potential;
- 2) create an inclusive workplace culture;
- 3) build a safe work environment by taking action against inappropriate workplace and business behaviour including discrimination, harassment, bullying, victimisation and vilification; and
- 4) develop flexible work practices to meet the diverse needs of its employees.

As at the time of this report, the representation of female employees within the Company are as follows:

| Group  | Proportion of female employees globally as at November 2020 |                        |                       |
|--------|---|------------------------|-----------------------|
|        | Board   | Executive <sup>1</sup> | Employee <sup>2</sup> |
| Female | 0%  | 50%                    | 65%                   |
| Male   | 100%  | 50%                    | 35%                   |

<sup>1</sup>Represents the Executives reporting directly to the CEO, who is male.

<sup>2</sup>Represents all other staff.

Control Bionics target is to maintain equality of male and female representation in our executive and employee groups as the Company grows and recruits additional people. The Board will also seek suitably qualified female Directors for nomination on retirement of existing Directors in order to improve diversity of representation, and the benefits that flow from Board diversity. Our goal is to have at least one female Director by end FY2022.

The Diversity Policy is available on Control Bionics' website at [www.controlbionics.com/investors/](http://www.controlbionics.com/investors/).

## Performance assessments

### Board and individual Directors

Under its Charter, the Board and individual Directors are required to undergo regular performance reviews. The reviews are conducted to help ensure the Board continues to operate effectively and efficiently.

The performance of the Board, its Committees and individual Directors are reviewed annually. Typically, the review process includes interviews by the Chairman with each Director and a confidential survey. The Board also conducts an annual review of the Chairman's performance.

The Board takes the results of the performance review into consideration when recommending Directors for re-election.

### Executives

The CEO and executives have written agreements setting out their employment terms.

The Board assesses each executive's performance on an annual basis.

The CEO's performance and remuneration review are conducted by the Nomination and Remuneration Committee and finalised through an interview with the Chairman, including an assessment of key performance indicators and key behaviours. A similar process is conducted for all Senior Executives. The performance and remuneration review process and interviews are conducted by the CEO following approval by the Nomination and Remuneration Committee.

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

### Board composition

The Board currently comprises five Directors. This includes 3 Non-Executive Directors (two of whom are considered independent) and two Executive Directors, being the CEO and the Company Founder.

Director biographies are published in the Corporate Governance Statement and on Control Bionics' website at [www.controlbionics.com/investors/](http://www.controlbionics.com/investors/).

### Chairman

The Chairman of Control Bionics, Roger Hawke, is an independent, Non-Executive Director. He was elected Chairman by the Directors in March 2019.

The Chairman's role is to lead the Board. The responsibilities include chairing Board meetings and facilitating open and effective discussions at those meetings (including with management). The Chairman also serves as the primary link between the Board and management. The Chairman's role and responsibilities are set out in the Board Charter.

The roles of the Chairman and CEO are separate and are not performed by the same person. The CEO may not become the Chairman.

### Director skills and experience

Control Bionics is a technology company operating primarily in the disability market, and in the early stage of its global growth phase. The Board is comprised of experienced business leaders with a variety of professional backgrounds that can assist the Company with its strategic, operational, financial and compliance goals.

The Board considers that individually and collectively, the Directors have an appropriate mix of skills, experience and expertise to enable it to define Control Bionics' strategic objectives, approve strategies developed by management and monitor the execution of those strategies.

## Skills matrix

To guide the assessment of the skills and experience of Non-Executive Directors and to identify any gaps in the collective skills of the Board, the Board uses the skills matrix included with this report.

| Category                            | Description  | %    |
|-------------------------------------|--|------|
| <b>Executive leadership</b>         | Successful career as a CEO or Senior Executive   | 80%  |
| <b>Financial Acumen</b>             | Qualifications or experience in accounting, financial reporting and corporate finance. Experience in assessing the quality of internal accounting and financial reporting controls                           | 80%  |
| <b>Strategic Thinking</b>           | Experience in defining strategic objectives, constructively questioning business plans and implementing strategy   | 100% |
| <b>Risk and compliance</b>          | Forward looking, able to identify the key risks to the organisation. Experience in monitoring the effectiveness of risk management frameworks and practices  | 100% |
| <b>Technology and Innovation</b>    | Experience in the development of technology based solutions in both hardware and software and the continuous innovation required to maintain market relevance and address new markets and needs.             | 50%  |
| <b>Business development</b>         | Commercial and business experience, including development of products and services. Ability to understand customer needs and trends. Experience in international market development.                         | 90%  |
| <b>People and change management</b> | Experience in overseeing and assessing senior management, remuneration frameworks, strategic human resource management and organisational change. Experience in overseeing and monitoring corporate culture. | 70%  |
| <b>Disability Market</b>            | Knowledge and experience of the needs of the disability market   | 80%  |
| <b>Corporate Governance</b>         | Knowledge, experience, and commitment to the highest standards of governance   | 100% |

The Board maintains its market knowledge through briefings from the executive team and external sources at Board and Committee meetings and through personal research and exchange of up to date information between such formal meetings.

The Board periodically reviews whether there is a need for Directors to undertake professional development to maintain the skills and knowledge required to perform their role effectively. Board members are encouraged to hold professional memberships relevant to their duties, and undertake continuous development activities as appropriate.

## Director independence and length of service

The Board has a goal to ensure the majority of its Directors are independent, however initially the Board consists of five Directors of which, only Roger Hawke and Damian Lismore are considered by the Board to be independent Directors.

Having considered the Company's immediate requirements as it becomes an ASX listed entity and given the length and depth of experience of the current Board with the Company, the Board believes the current composition of the Board is appropriate for the Company at this stage and encompasses the range of skills and expertise and experience appropriate for the Company as it begins its journey as a listed entity. It is expected that the balance of independent Directors and diversity on the Board will change over time, subject to the availability of people with the skills and expertise required to assist the Company as it grows.

In determining whether a Director is independent, the Board considers whether the Director is free of interests that could (or could be perceived to) materially interfere with the independent exercise of the Director's judgement and the capacity to act in the best interests of Control Bionics as a whole, rather than of an individual security holder or other party.

The Board has adopted a policy to assess a Director's independence. This policy includes guidelines for assessing the materiality of the Director's relationship that may affect their independence.

The Board regularly assesses the independence of its Directors, including by way of an annual, formal assessment.

Control Bionics has not adopted a limit on Director tenure. The tenure of each Director is set out in Pages 1 and 2 of this Corporate Governance Statement, and is also shown in the diagram on page 6.

The mix of Directors' tenure is shown in the diagram on page 6 of this Corporate Governance Statement.

### **Conflicts of interest**

Directors are required to disclose all interests that may conflict with their duties. A register of Directors' interests is provided to the Board at each meeting.

If a Director has a material personal interest in a matter being considered by the Board, they must not be present during the consideration of that matter or vote on the matter (unless approved by other Directors who do not have a material personal interest in the matter).

### **Aligning interests of the Board with shareholders**

To underscore the alignment of the Board with shareholders' interests, the Board encourages all Non-Executive Directors to hold a reasonable number of Control Bionics shares, but not sufficient to compromise their status as an independent Director.

All Non-Executive Directors who have served more than 1 year meet this guideline.

### **Access to information and advice**

Directors have unrestricted access to all executives, staff and all relevant records of Control Bionics they consider necessary to fulfil their obligations (including access to the external auditor without management present). They also have the right to seek explanations and additional information from management and auditors.

Directors are also entitled, with the approval of the Chairman, to obtain independent professional advice at Control Bionics' expense relating to their role as a Control Bionics Director.

### **Attendance at meetings**

Board meetings are generally held every month, with attendance expected by all Directors and the Company Secretary. Other senior executives are invited to attend as required and appropriate to the agenda, including the Chief Financial Officer and the Head of Sales.

Provided there is no conflict of interest, Directors are also invited to, and frequently attend as observers, meetings of Board Committees of which they are not members. Executive Directors are not present for Remuneration Committee discussions on Executive Director remuneration.

All Directors receive copies of agendas, papers and minutes of Committee meetings to ensure that they have equal access to information, regardless of whether they are appointed to particular Committees.

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

Control Bionics is committed to conducting business in an open and accountable way. We believe that lawful, ethical and responsible business practices are a driver of shareholder value and instil these values throughout the organisation.

#### Control Bionics' Values

Control Bionics has adopted the following values and commitments that guide the actions and behaviours of our people.

##### Integrity

Ethical behaviour is a part of everything we do Integrity – we act honestly and with integrity in all our dealings, both internally and externally. We commit to only dealing with business partners who demonstrate similar ethical and responsible business practices.

##### Respect

We respect all people, their ideas and cultures and our words and actions must reflect this respect.

##### Safety

We are committed to providing and maintaining a safe and non-discriminatory working environment to safeguard the health and safety of our employees, consultants, contractors, customers, suppliers and other persons who visit our workplace, or who we work with, as required by law.

##### Community Standards

We act in a manner consistent with reasonable expectations of our investors and the broader community.

##### Environment

We are committed to acting responsibly towards the environment.

These values have been developed by the Board and Management and endorsed by the Control Bionics Board. Management is responsible for ensuring these values are embedded across the Company.

## Code of Conduct, Whistleblower Policy and Trading Policy

Control Bionics has adopted a:

- **Code of Conduct** underpinned by the Control Bionics Values. The Code of Conduct applies to all Directors, employees and contractors. It sets the standards for how we work at Control Bionics and outlines the importance of the values to anyone dealing with Control Bionics.
- **Whistleblower Policy**. Control Bionics' values support a culture that encourages staff to speak up on matters or conduct that concerns them, and in particular any conduct that is illegal or unethical. This policy provides information to assist staff to feel confident in making a relevant disclosure, protect their identity where appropriate and assure them of no detrimental consequences to them as a result of making a disclosure.
- **Trading Policy** on buying and selling the securities of the Company that are able to be traded on a financial market. This policy applies to Directors and all employees and are designed to help prevent Directors and employees from contravening laws on insider trading. The Trading Policy also prohibits any Director or employee from entering into transactions or arrangements with anyone which could have the effect of limiting their exposure to risk relating to an element of their remuneration.
- **Anti-bribery and Corruption Policy** outlining our commitment to countering bribery and corruption in all forms. This policy applies to all Directors, Officers and employees, and to all transactions in all countries in which we operate.

Periodic employee training is conducted on the Code of Conduct and other Company Policies.

Control Bionics' Policies including the Code of Conduct and WhistleBlower Policy are published on Control Bionics' website at [www.controlbionics.com/investors/](http://www.controlbionics.com/investors/).

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

Control Bionics believes that accurate and timely corporate reporting underpins effective risk management and is key to executing Control Bionics' strategy.

The Board is responsible for overseeing that appropriate monitoring and reporting mechanisms are in place. It is also supported in this regard by the Audit and Risk Committee.

The role of the Audit and Risk Committee in safeguarding the integrity of Control Bionics' corporate reporting includes reviewing the Company's financial reports and the adequacies of our corporate reporting processes.

#### Integrity of financial reporting

Before it approves the financial statements for the half year and full year, the Board receives a declaration from the CEO and Chief Financial Officer (CFO) consistent with the requirements of the Corporations Act 2001. These declarations are made after the CEO and CFO receive attestations from executives regarding their respective areas of responsibility. The Board also receives a

declaration from the CEO that Control Bionics' risk management and internal control systems are operating effectively for the management of material business risks.

### Internal Controls

Due to its size, the Company does not have an Internal Audit function, and has established procedures at the Board and executive management levels that are designed to manage material risks and safeguard the assets and revenue streams of the Company, and to ensure the integrity of reporting. These include accounting, financial reporting and internal control policies and procedures.

To achieve this, the Board and Audit & Risk Committee undertakes the following actions:

- regularly review and update the Management Risk Register and mitigation strategies
- ensure appropriate follow-up of significant audit findings and risk areas identified;
- review the scope of the external audit; and
- conduct a detailed review of published accounts.

### External auditor

Control Bionics has appointed BDO as its external auditor.

Among its key responsibilities, BDO reviews Control Bionics' financial reporting and provides an opinion on whether Control Bionics' financial report gives a true and fair view of the Company's financial position and financial performance, and whether it complies with Australian Accounting Standards and the Corporations Regulations 2001.

BDO is invited to attend each Audit and Risk Committee meeting and meets with the Committee without management present at least once annually.

BDO has provided confirmation that there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 and no contraventions of any applicable code of professional conduct in relation to its audit.

### Periodic corporate reports

Processes are in place to verify the integrity of Control Bionics' periodic corporate reports (as defined in the Principles and Recommendations) released to the market and not audited or reviewed by the external auditor.

Control Bionics has adopted a Disclosure and Communications Policy which sets out how market announcements are prepared and released.

Control Bionics has established a Continuous Disclosure Committee which makes disclosure decisions, oversees the drafting of announcements and approves announcements. The Committee members include the CEO, CFO and Company Secretary.

Control Bionics' Continuous Disclosure Committee approves all external announcements, other than administrative announcements of the type set out in the Disclosure and Communications Policy. Written processes are in place for the approval of administrative market announcements.

Where Control Bionics' Continuous Disclosure Committee has determined that information will be publicly disclosed, one or more Committee members oversee the preparation of that announcement. The Committee is responsible for satisfying itself that the content of any announcement is accurate and not misleading, and is supported by appropriate verification.

Control Bionics' Disclosure and Communications Policy is available on Control Bionics' website at [www.controlbionics.com/investors/](http://www.controlbionics.com/investors/).

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## Principle 5: Make timely and balanced disclosures

### Continuous disclosure

Control Bionics is committed to providing shareholders and the market with equal access to material information about its activities in a timely and balanced manner. Control Bionics' Disclosure and Communications Policy sets out the processes adopted to manage this commitment.

Control Bionics will not disclose market sensitive information (or provide new and substantive investor or analyst presentations) to any analyst or investor unless it has first provided that information to the market and received an acknowledgement that the information has been released.

Control Bionics will provide copies of all market announcements to Directors promptly after they have been released to the market.

Control Bionics' Disclosure and Communications Policy is available on Control Bionics' website at [www.controlbionics.com/investors/](http://www.controlbionics.com/investors/).

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## Principle 6: Respect the rights of security holders

### Shareholder engagement and provision of information

Control Bionics provides information about the Company and its governance practices on its website, including this corporate governance statement (and Appendix 4G), Control Bionics' Constitution, Board and Committee Charters and key governance policies, as well as the qualifications, skills and backgrounds of its Directors and senior executives. Control Bionics also makes available on its website links to its Annual Reports, market announcements, notices of meeting and presentations delivered to investors or analysts.

Control Bionics has a section of the website dedicated to Corporate Governance.

Control Bionics is committed to communicating promptly, accurately and in plain language with shareholders. We encourage shareholders to participate in shareholder meetings and we deal with shareholder enquiries fairly and respectfully.

Links to all market announcements (including financial results and Annual Reports) are provided on Control Bionics' website after they have been released on the market announcements platform. Control Bionics also publishes links to media releases and other relevant information on its website.

**Shareholder communications**

Control Bionics' policy is to promote effective 2-way communication with shareholders and other investors so they understand Control Bionics' business, governance, financial performance and prospects, as well as how to assess relevant information about the Company and its corporate activities.

|                               |   |
|-------------------------------|---|
| <i>INVESTOR RELATIONS</i>     | The Company has an investor relations engagement program that includes engagement with institutional investors, research analysts and individual investors at both formal meetings (AGM, Release of Results) and ad-hoc briefings. This program provides further opportunities for shareholders to hear from and interact with the Directors and officeholders of the Company.  |
| <i>ANNUAL REPORTING</i>       | Shareholders may elect to receive annual reports electronically or to receive notifications via email when reports are available online. Hard copy annual reports are provided to those shareholders who specifically elect to receive them.  |
| <i>COMPANY ANNOUNCEMENTS</i>  | Links to all formal reports and Company announcements made to the ASX are provided on Control Bionics website after confirmation of lodgement has been received from the ASX.   |
| <i>GENERAL MEETINGS</i>       | Control Bionics encourages shareholders to participate in all general meetings including annual general meetings. Alternative arrangements may be made for online/virtual participation, particularly where there are restrictions on gatherings and travel as a consequence of the COVID-19 virus.<br>Shareholders are entitled to ask questions about the management of the Company and of the auditor as to its conduct of the audit and preparation of its reports. Notices of Meeting are accompanied by explanatory notes to provide shareholders with information to enable them to decide how to vote upon the business of the meeting. Full copies of Notices of Meeting and explanatory notes are posted on Control Bionics' website. If shareholders are unable to participate in general meetings, they may vote by appointing a proxy.<br>Control Bionics has arrangements in place to ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than a show of hands. |
| <i>ANNUAL GENERAL MEETING</i> | Shareholders are invited, at the time of receiving or accessing the Notice of Meeting, to put forward questions they would like addressed at the AGM. At the AGM, shareholders have a reasonable opportunity to ask the external auditor questions in relation to the conduct of the audit, the preparation and content of the Auditor's Report, the accounting policies adopted by the Company in relation to the preparation of the financial statements of the Company, and the independence of the external auditor in relation to the conduct of the audit.  |

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In addition, Control Bionics encourages shareholders to receive communications from, and send communications to the Company and its share registrar, Automic Group.

Control Bionics encourages shareholders to receive communications electronically. Electronic communication allows us to communicate with shareholders quickly and reduces our paper usage. Control Bionics uses email to advise shareholders when important information becomes available such as financial results, dividend statements, notice of meetings, voting forms and Annual Reports.

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## Principle 7: Recognise and manage risk

The Board recognises that effective risk management is critical to maintaining Control Bionics' reputation.

### Division of responsibilities

The Board's responsibilities regarding risk management include:

- Setting Control Bionics' risk strategy and risk appetite
- Overseeing systems of risk management and internal control and compliance
- Overseeing the process for identifying significant risks facing Control Bionics
- Satisfying itself that appropriate controls, monitoring and reporting mechanisms are in place.

Management executes the Board-approved strategy and manages Control Bionics' operations within the Board-approved risk appetite. Management is responsible for identifying, monitoring, mitigating and reporting on risks.

### Audit and Risk Committee

As outlined above, the Board has established an Audit and Risk Committee. The Audit and Risk Committee reports to the Control Bionics Board. Its role and responsibilities are set out in its Charter.

Due to the size and nature of the Company's activities, the functions of the Committee will be undertaken by the full Board. Damian Lismore is the Audit and Risk Committee Chair. The Audit and Risk Committee Chair is required to be an independent director who is not the chair of the Board.

The Audit and Risk Committee reviews the Company's risk management framework at least annually to ensure it reflects the current operational environment and remains sound overall.

The Audit and Risk Committee Charter is available on Control Bionics' website at [www.controlbionics.com/investors/](http://www.controlbionics.com/investors/).

## Exposure to environmental and social risks

The Board does not consider that Control Bionics has any significant exposure to environmental and social risks.

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## Principle 8: Remunerate fairly and responsibly

Control Bionics aims to attract and retain high quality Directors and to attract, motivate and retain high quality senior executives.

### Nomination and Remuneration Committee

The Board oversees executive remuneration and Non-Executive Director remuneration arrangements. It has established a Nomination and Remuneration Committee to assist it in this regard.

The Nomination and Remuneration Committee helps bring the focus and independent judgement needed for remuneration decisions.

The Nomination and Remuneration Committee's responsibilities are set out in its Charter. These include reviewing and making recommendations (or reporting) to the Board on:

- enabling the Company to attract, retain and motivate Directors, executives and employees who will create value for shareholders within an appropriate risk management framework, by providing remuneration packages that are equitable and externally competitive;
- being fair and appropriate having regard to the performance of the Company and the relevant Director, executive or employee;
- Board succession planning generally;
- induction and continuing professional development programs for Directors;
- the development and implementation of a process for evaluating the performance of the Board, its Committees and Directors;
- the appointment and re-election of Directors; and
- ensuring there are plans in place to manage the succession of the Chief Executive Officer (CEO) and other senior executives,

The Committee is currently comprised of three Non-Executive Directors, including a majority of independent Directors. Roger Hawke is the Committee Chair. Damian Lismore and Lindsay Phillips are also Committee members.

It is a requirement under the Nomination and Remuneration Committee Charter that the Committee Chair be an independent Non-Executive Director.

The Nomination and Remuneration Committee Charter is available on Control Bionics' website at [www.controlbionics.com/investors/](http://www.controlbionics.com/investors/).

## Non-Executive Remuneration

Under the Constitution, the Company in general meeting may determine the maximum aggregate remuneration to be provided to or for the benefit of the Directors as remuneration for their services as a Director. Further, under the ASX Listing Rules, the total amount paid to all Non-Executive Directors for their services must not exceed, in aggregate in any financial year, the amount fixed by the Company's members in general meeting.

Initially, and until a different amount is determined, the Board has determined that the maximum aggregate Directors' remuneration is \$400,000 per annum. This amount excludes, among other things, amounts payable to any executive Director under any executive services agreement with the Group or any special remuneration which the Board may grant to the Directors for special exertions or additional services performed by a Director for or at the request of the Company, which may be made in addition to, or in substitution for, the Directors' fees.

The annual Directors' fees currently agreed to be paid by the Company are \$75,000 to the Chairman of the Board and \$47,000 to each of the other non-executive Directors, inclusive of superannuation in each case.

No additional fees are payable to Directors for their involvement in Board Committees.

Executive Directors are not paid any fees in addition to their executive remuneration.

## Executive Remuneration

Control Bionics' remuneration policy and practices for senior executives, including the CEO & Managing Director, are designed to attract, retain and motivate executives who will create value for shareholders within an appropriate risk management framework, by providing remuneration packages that are equitable and externally competitive.

The policy is built around principles that:

- executive rewards be competitive in the markets in which Control Bionics operates;
- executive remuneration has an appropriate balance of fixed and at risk reward;
- remuneration be linked to Control Bionics' performance and the creation of shareholder value;
- executive remuneration will be fair and appropriate having regard to the performance of the Company and the relevant executive; and
- Remuneration outcomes comply with relevant legal requirements.

These principles ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to corporate and individual performance is defined.

Details of remuneration for Key Management Personnel will be included in the Company's Annual Report.