

## Appendix 4G

### Key to Disclosures Corporate Governance Council Principles and Recommendations

Name of entity

HERAMED LIMITED

ABN/ARBN

65 626 295 314

Financial year ended

31 DECEMBER 2020

Our corporate governance statement<sup>2</sup> for the above period above can be found at:<sup>3</sup>  
these pages of our annual report:

X this URL on our website: <https://hera-med.com/corporate-governance/>

The Corporate Governance Statement is accurate and up to date as at 29 March 2021 and has been approved by the board.

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

Date here: 29 March 2021

Sign here:

  
\_\_\_\_\_  
Company Secretary

Print name: Jonathan Hart

<sup>1</sup> 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.

<sup>2</sup> “Corporate governance statement” is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

<sup>3</sup> 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.

## 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 <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...	
<b><u>PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</u></b>			
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: <ul style="list-style-type: none"> <li>• in our Corporate Governance Statement on page 1</li> </ul> ...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): <ul style="list-style-type: none"> <li>• in our Corporate Governance Statement on pages 1 &amp; 2 <b><u>AND</u></b></li> <li>• in our Board Charter contained within our Corporate Governance Plan at <a href="https://hera-med.com/corporate-governance/">https://hera-med.com/corporate-governance/</a></li> </ul>	
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: <ul style="list-style-type: none"> <li>• in our Corporate Governance Statement on page 2 <b><u>AND</u></b></li> <li>• in our notices of AGM</li> </ul>	
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: <ul style="list-style-type: none"> <li>• in our Corporate Governance Statement on page 2</li> </ul>	
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: <ul style="list-style-type: none"> <li>• in our Corporate Governance Statement on page 2</li> </ul>	
1.5	A listed entity should: (a) have a diversity policy which includes requirements for the board or a relevant		...an explanation why that is so in our Corporate Governance Statement on page 2

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <b>NOT</b> followed the recommendation in full for the whole of the period above. We have disclosed ...
<p>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>1.6 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> <ul style="list-style-type: none"> <li>• in our Corporate Governance Statement on pages 2 &amp; 3</li> </ul> <p>...and the information referred to in paragraph (b):</p> <ul style="list-style-type: none"> <li>• in our Corporate Governance Statement on pages 2 &amp; 3</li> </ul>	

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <b>NOT</b> followed the recommendation in full for the whole of the period above. We have disclosed ...
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> <ul style="list-style-type: none"> <li>• in our Corporate Governance Statement on pages 2 &amp; 3</li> </ul> <p>...and the information referred to in paragraph (b):</p> <ul style="list-style-type: none"> <li>• in our Corporate Governance Statement on pages 2 &amp; 3</li> </ul>	
<b><u>PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE</u></b>			
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <ol style="list-style-type: none"> <li>(1) has at least three members, a majority of whom are independent directors; and</li> <li>(2) is chaired by an independent director, and disclose:</li> <li>(3) the charter of the committee;</li> <li>(4) the members of the committee; and</li> <li>(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;</li> </ol> <p><b><u>OR</u></b></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>...the fact that we follow this recommendation:</p> <ul style="list-style-type: none"> <li>• in our Corporate Governance Statement on pages 2, 3 &amp; 4</li> </ul> <p><b><u>AND</u></b></p> <p>in our Nomination Committee Charter contained within our Corporate Governance Plan at <a href="https://hera-med.com/corporate-governance/">https://hera-med.com/corporate-governance/</a></p>	
2.2	<p>A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>		<p>...an explanation why that is so in our Corporate Governance Statement on pages 3 &amp; 4</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <b>NOT</b> followed the recommendation in full for the whole of the period above. We have disclosed ...
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: • in our Corporate Governance Statement on page 3  (b): • in our Corporate Governance Statement on page 3  ...the length of service of each director: • in our Corporate Governance Statement on page 3 • in our Annual Report	
2.4	A majority of the board of a listed entity should be independent directors.	...the fact that we follow this recommendation: • in our Corporate Governance Statement on page 3	
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: • in our Corporate Governance Statement on page 3	
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: • in our Corporate Governance Statement on pages 3 & 4	
<b>PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY</b>			
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: • in our Corporate Governance Statement on page 4  <b>AND</b> in our Corporate Code of Conduct contained within our Corporate Governance Plan at <a href="https://heramed.com/corporate-governance/">https://heramed.com/corporate-governance/</a>	
<b>PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING</b>			
4.1	The board of a listed entity should:	...the fact that we follow this recommendation:	

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
<p>(a) have an audit committee which:</p> <ul style="list-style-type: none"> <li>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</li> <li>(2) is chaired by an independent director, who is not the chair of the board, and disclose:</li> <li>(3) the charter of the committee;</li> <li>(4) the relevant qualifications and experience of the members of the committee; and</li> <li>(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;</li> </ul> <p><b>OR</b></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>	<ul style="list-style-type: none"> <li>• in our Corporate Governance Statement on pages 1,2, 4 &amp; 5</li> </ul> <p><b>AND</b></p> <p>in our Audit and Risk Committee Charter contained within our Corporate Governance Plan at <a href="https://hera-med.com/corporate-governance/">https://hera-med.com/corporate-governance/</a></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> <ul style="list-style-type: none"> <li>• in our Corporate Governance Statement on page 4 &amp; 5</li> </ul>	

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <b>NOT</b> followed the recommendation in full for the whole of the period above. We have disclosed ...
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	...the fact that we follow this recommendation: <ul style="list-style-type: none"> <li>in our Corporate Governance Statement on pages 4 &amp; 5</li> </ul>	
<b>PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE</b>			
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>	...our continuous disclosure compliance policy: <ul style="list-style-type: none"> <li>in our Corporate Governance Statement on page 5 <b>AND</b></li> <li>in our Continuous Disclosure Policy contained within our Corporate Governance Plan at <a href="https://hera-med.com/corporate-governance/">https://hera-med.com/corporate-governance/</a></li> </ul>	
<b>PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS</b>			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	...information about us and our governance on our website: <ul style="list-style-type: none"> <li>in our Shareholder Communications Strategy contained within our Corporate Governance Plan at <a href="https://hera-med.com/corporate-governance/">https://hera-med.com/corporate-governance/</a></li> </ul>	
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	...the fact that we follow this recommendation: <ul style="list-style-type: none"> <li>in our Corporate Governance Statement on page 61 <b>AND at</b></li> <li><a href="https://hera-med.com/corporate-governance/">https://hera-med.com/corporate-governance/</a></li> </ul>	
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	...the fact that we follow this recommendation: <ul style="list-style-type: none"> <li>in our Corporate Governance Statement on page 5 <b>AND</b></li> <li>in our Shareholder Communications Strategy contained within our Corporate Governance Plan at <a href="https://hera-med.com/corporate-governance/">https://hera-med.com/corporate-governance/</a></li> </ul>	

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <b>NOT</b> followed the recommendation in full for the whole of the period above. We have disclosed ...
6.4 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	...the fact that we follow this recommendation: <ul style="list-style-type: none"> <li>• in our Corporate Governance Statement on page 5 <b>AND</b></li> <li>• in our Shareholder Communications Strategy contained within our Corporate Governance Plan at <a href="https://hera-med.com/corporate-governance/">https://hera-med.com/corporate-governance/</a></li> </ul>	
<b><u>PRINCIPLE 7 – RECOGNISE AND MANAGE RISK</u></b>		
7.1 The board of a listed entity should: <p>(a) have a committee or committees to oversee risk, each of which:</p> <ol style="list-style-type: none"> <li>(1) has at least three members, a majority of whom are independent directors; and</li> <li>(2) is chaired by an independent director, and disclose:</li> <li>(3) the charter of the committee;</li> <li>(4) the members of the committee; and</li> <li>(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;</li> </ol> <p><b>OR</b></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>	...the fact that we follow this recommendation: <ul style="list-style-type: none"> <li>• in our Corporate Governance Statement on pages 1,2 and 6 <b>AND</b></li> <li>• in our Audit and Risk Committee Charter and Risk Management Policy contained within our Corporate Governance Plan at <a href="https://hera-med.com/corporate-governance/">https://hera-med.com/corporate-governance/</a></li> </ul>	
7.2 The board or a committee of the board should: <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>	...the fact that we follow this recommendation: <ul style="list-style-type: none"> <li>• in our Corporate Governance Statement on page 6</li> </ul>	



Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <b>NOT</b> followed the recommendation in full for the whole of the period above. We have disclosed ...
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; <u>OR</u> (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.	...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 are disclosed at the following locations: <ul style="list-style-type: none"> <li>• in our Corporate Governance Statement on pages 6 &amp; 7</li> <li><u>AND</u></li> <li>• in our Risk Management Policy contained within our Corporate Governance Plan at <a href="https://hera-med.com/corporate-governance/">https://hera-med.com/corporate-governance/</a></li> </ul>	
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.	...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: <ul style="list-style-type: none"> <li>• in our Corporate Governance Statement on pages 6 &amp; 7</li> </ul>	
<b>PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY</b>		
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; <u>OR</u> (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	...the fact that we follow this recommendation: <ul style="list-style-type: none"> <li>• in our Corporate Governance Statement on pages 1,2, 6 &amp; 7</li> <li><u>AND</u></li> <li>in our Nomination Committee Charter contained within our Corporate Governance Plan at <a href="https://hera-med.com/corporate-governance/">https://hera-med.com/corporate-governance/</a></li> </ul>	

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <b>NOT</b> followed the recommendation in full for the whole of the period above. We have disclosed ...
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.	...separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives: <ul style="list-style-type: none"> <li>• in our Corporate Governance Statement on pages 6 &amp; 7</li> </ul>	
8.3 A listed entity which has an equity-based remuneration scheme should: <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>	...our policy on this issue or a summary of it: <ul style="list-style-type: none"> <li>• in our Corporate Governance Statement on page 6 &amp; 7</li> <li><b>AND</b></li> <li>• in our Trading Policy contained within our Corporate Governance Plan at: <a href="https://hera-med.com/corporate-governance/">https://hera-med.com/corporate-governance/</a></li> </ul>	

This Corporate Governance Statement is current as at 29 March 2021 and has been approved by the Board of the Company.

This Corporate Governance Statement discloses the extent to which the Company follows the recommendations set by the ASX Corporate Governance Council in its publication *Corporate Governance Principles and Recommendations 3<sup>rd</sup> Edition* (Recommendations). The Recommendations are not mandatory, however the Recommendations that have not been followed have been identified and reasons for not following them, along with what (if any) alternative governance practices have been adopted in lieu of the Recommendation.

The Company has adopted Corporate Governance Policies which provide written terms of reference for the Company's corporate governance practices. The Board of the Company has not yet formed an audit committee, nomination committee, risk management committee or remuneration committee.

The Company's Corporate Governance Policies are contained within the Corporate Governance Plan and available on the Company's website at [hera-med.com/corporate-governance/](http://hera-med.com/corporate-governance/)

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

### ***Roles of the Board & Management***

The role of the Board is to provide overall strategic guidance and effective oversight of management. The Board derives its authority to act from the Company's Constitution.

The Board is responsible for and has the authority to determine all matters relating to the strategic direction, policies, practices, establishing goals for management and the operation of the Company. The Board delegates responsibility for the day-to-day operations and administration of the Company to the Chief Executive Officer.

The role of management is to support the Chief Executive Officer and implement the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board.

In addition to matters it is expressly required by law to approve, the Board has reserved the following matters to itself:

- appointment of the Chief Executive Officer / Managing Director and other senior executives and the determination of their terms and conditions including remuneration and termination;
- driving the strategic direction of the Company, ensuring appropriate resources are available to meet objectives and monitoring management's performance;
- reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- approving and monitoring the progress of major capital expenditure, capital management and significant acquisitions and divestitures;
- approving and monitoring the budget and the adequacy and integrity of financial and other reporting;
- approving the annual, half yearly and quarterly accounts;
- approving significant changes to the organisational structure;
- approving the issue of any shares, options, equity instruments or other securities in the Company (subject to compliance with the ASX Listing Rules if applicable);
- ensuring a high standard of corporate governance practice and regulatory compliance and promoting ethical and responsible decision making;
- recommending to shareholders the appointment of the external auditor as and when their appointment or re-appointment is required to be approved by them (in accordance with the ASX Listing Rules if applicable); and
- meeting with the external auditor, at their request, without management being present.

Subject to the specific authorities reserved to the Board under the Board Charter, the Board delegates to the Chief Executive Officer responsibility for the management and operation of HeraMED. The Chief Executive Officer is responsible for the day-to-day operations, financial performance and administration of HeraMED within the powers authorised to him from time-to-time by the Board. The Chief Executive Officer may make further delegation within the delegations specified by the Board and will be accountable to the Board for the exercise of those delegated powers.

Further details of Board responsibilities, objectives and structure are set out in the Board Charter which is contained within the Corporate Governance Plan available on the HeraMED website.

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### **Board Committees**

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the formation of separate committees at this time including audit and risk, remuneration or nomination committees, preferring at this stage of the Company's development, to manage the Company through the full Board of Directors. The Board assumes the responsibilities normally delegated to the audit and risk, remuneration and nomination Committees.

If the Company's activities increase, in size, scope and nature, the appointment of separate committees will be reviewed by the Board and implemented if considered appropriate.

### **Board Appointments**

The Company undertakes comprehensive reference checks prior to appointing a director or putting that person forward as a candidate to ensure that person is competent, experienced, and would not be impaired in any way from undertaking the duties of director. The Company provides relevant information to shareholders for their consideration about the attributes of candidates together with whether the Board supports the appointment or re-election.

The terms of the appointment of a non-executive director, executive directors and senior executives are agreed upon and set out in writing at the time of appointment.

### **The Company Secretary**

The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board, including agendas, Board papers and minutes, advising the Board and its Committees (as applicable) on governance matters, monitoring that the Board and Committee policies and procedures are followed, communication with regulatory bodies and the ASX and statutory and other filings.

### **Diversity**

The Board has adopted a Diversity Policy which provides a framework for the Company to establish and achieve measurable diversity objectives, including in respect to gender, age, ethnicity and cultural diversity. The Diversity Policy allows the Board to set measurable gender diversity objectives (if considered appropriate) and to assess annually both the objectives (if any have been set) and the Company's progress towards achieving them.

The Board considers that, due to the size, nature and stage of development of the Company, setting measurable objectives for the Diversity Policy at this time is not appropriate. The Board will consider setting measurable objectives as the Company increases in size and complexity.

The participation of women in the Company at the date of this report is as follows:

- Women employees in the Company 36%
- Women in senior management positions 29%
- Women on the Board 0%

The Company's Diversity Policy is available on its website.

### **Board & Management Performance Review**

On an annual basis, the Board conducts a review of its structure, composition and performance.

The annual review includes consideration of the following measures:

- comparison of the performance of the Board against the requirements of the Board charter;
- assessment of the performance of the Board over the previous twelve months having regard to the corporate strategies, operating plans and the annual budget;
- review the Board's interaction with management;
- identification of any particular goals and objectives of the Board for the next year;
- review the type and timing of information provided to the directors; and
- identification of any necessary or desirable improvements to Board or committee charters.

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The method and scope of the performance evaluation will be set by the Board and may include a Board self-assessment checklist to be completed by each Director. The Board may also use an independent adviser to assist in the review.

The Chairman has primary responsibility for conducting performance appraisals of Non-Executive Directors, in conjunction with them, having particular regard to:

- contribution to Board discussion and function;
- degree of independence including relevance of any conflicts of interest;
- availability for and attendance at Board meetings and other relevant events;
- contribution to Company strategy;
- membership of and contribution to any Board committees; and
- suitability to Board structure and composition.

The Board conducts an annual performance assessment of the Chief Executive Officer against agreed key performance indicators.

The Chief Executive Officer conducts an annual performance assessment of senior executives against agreed key performance indicators

Due to HeraMED only listing in December 2018, no formal appraisal of the Board or Chief Executive Officer has been conducted.

### ***Independent Advice***

Directors have a right of access to all Company information and executives. Directors are entitled, in fulfilling their duties and responsibilities, to seek independent external professional advice as considered necessary at the expense of the Company, subject to prior consultation with the Chairman. A copy of any such advice received is made available to all members of the Board.

## **Principle 2: Structure the board to add value**

### ***Board Composition***

During the financial year and as at the date of this report the Board was comprised of the following members:

Mr Ronald Weinberger	Non-Executive Chairman (appointed 21 August 2018)
Mr David Groberman	Chief Executive Officer (appointed 25 September 2018)
Mr David Hinton	Non-Executive Director (appointed 21 August 2018)
Mr Tal Slonim	Executive Director (appointed 27 September 2018)
Mr Doron Birger	Non-Executive Director (appointed 5 October 2018)

The Board comprises of the majority of Non-Executive Directors.

HeraMED has adopted a definition of 'independence' for Directors that is consistent with the Recommendations. The Board considers an independent Director to be a Non-Executive Director who is not a substantial Shareholder or a member of management and who is free of any business or other relationship that could materially interfere with or could reasonably be perceived to materially interfere with the independent exercise of that Director's judgement. The Board considers that Messrs Weinberger, Hinton and Birger are independent.

Messrs David Groberman and Tal Slonim are not considered to be independent as they are both executive directors and each of them are substantial holders in the Company.

### ***Board Selection Process***

The Board considers that a diverse range of skills, backgrounds, knowledge and experience is required in order to effectively govern HeraMED. The Board believes that orderly succession and renewal contributes to strong corporate governance and is achieved by careful planning and continual review.

The Board is responsible for the nomination and selection of directors. The Board reviews the size and composition of the Board regularly and at least once a year as part of the Board evaluation process.

The Board will establish a Board Skills Matrix. The Board Skills Matrix will include the following areas of knowledge and expertise:

- 
- strategic expertise;
  - specific industry knowledge;
  - accounting and finance;
  - risk management;
  - experience with financial markets; and
  - investor relations.

The Board anticipates having the skills matrix in place for the year ending 31 December 2020.

#### **Induction of New Directors and Ongoing Development**

New Directors are issued with a formal Letter of Appointment that sets out the key terms and conditions of their appointment, including Director's duties, rights and responsibilities, the time commitment envisaged, and the Board's expectations regarding involvement with any Committee work.

An induction program is in place and new Directors are encouraged to engage in professional development activities to develop and maintain the skills and knowledge needed to perform their role as Directors effectively.

#### **Principle 3: Act ethically and responsibly**

The Company has implemented a Code of Conduct, which provides a framework for decisions and actions in relation to ethical conduct in employment. It underpins the Company's commitment to integrity and fair dealing in its business affairs and to a duty of care to all employees, clients and stakeholders.

All employees and Directors are expected to:

- respect the law and act in accordance with it;
- maintain high levels of professional conduct;
- respect confidentiality and not misuse Company information, assets or facilities;
- avoid real or perceived conflicts of interest;
- act in the best interests of shareholders;
- by their actions contribute to the Company's reputation as a good corporate citizen which seeks the respect of the community and environment in which it operates;
- perform their duties in ways that minimise environmental impacts and maximise workplace safety;
- exercise fairness, courtesy, respect, consideration and sensitivity in all dealings within their workplace and with customers, suppliers and the public generally; and
- act with honesty, integrity, decency and responsibility at all times.

An employee that breaches the Code of Conduct may face disciplinary action including, in the cases of serious breaches, dismissal. If an employee suspects that a breach of the Code of Conduct has occurred or will occur, he or she must report that breach to the head of their business unit or with the Company Secretary, or in their absence, the Chairman. No employee will be disadvantaged or prejudiced if he or she reports in good faith a suspected breach. All reports will be acted upon and kept confidential.

#### **Principle 4: Safeguard integrity in corporate reporting**

The Board as a whole fulfills to the functions normally delegated to the Audit Committee as detailed in the Audit Committee Charter.

The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises. Candidates for the position of external auditor must demonstrate complete independence from the Company throughout the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Board.

The Board receives regular reports from management and from external auditors. It also meets with the external auditors as and when required.

The external auditors attend HeraMED's AGM and are available to answer questions from security holders relevant to the audit.

Prior approval of the Board must be gained for non-audit work to be performed by the external auditor. There are qualitative limits on this non-audit work to ensure that the independence of the auditor is maintained.

There is also a requirement that the lead engagement partner responsible for the audit not perform in that role for more than five years.

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### **CEO and CFO Certifications**

The Board, before it approves the entity's financial statements for a financial period, receives from its CEO and CFO (or, if none, the persons fulfilling those functions) a declaration provided in accordance with Section 295A of the Corporations Act 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.

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

The Company has a Continuous Disclosure Policy which outlines the disclosure obligations of the Company as required under the ASX Listing Rules and Corporations Act. The policy is designed to ensure that procedures are in place so that the market is properly informed of matters which may have a material impact on the price at which Company securities are traded.

The Board considers whether there are any matters requiring disclosure in respect of each and every item of business that it considers in its meetings. Individual Directors are required to make such a consideration when they become aware of any information in the course of their duties as a Director of the Company.

The Company is committed to ensuring all investors have equal and timely access to material information concerning the Company.

The Board has designated the Company Secretary as the person responsible for communicating with the ASX. All key announcements at the discretion of the Chief Executive Officer are to be circulated to and reviewed by all members of the Board.

The Chairman/Chief Executive Officer, the Board and the Company Secretary are responsible for ensuring that:

- a) company announcements are made in a timely manner, that announcements are factual and do not omit any material information required to be disclosed under the ASX Listing Rules and Corporations Act; and
- b) company announcements are expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions.

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

The Company recognises the value of providing current and relevant information to its shareholders. The Board of the Company aims to ensure that the shareholders are informed of all major developments affecting the Company's state of affairs.

The Company respects the rights of its shareholders and to facilitate the effective exercise of those rights the Company is committed to:

- communicating effectively with shareholders through releases to the market via ASX, the company website, information posted or emailed to shareholders and the general meetings of the Company;
- giving shareholders ready access to clear and understandable information about the Company; and
- making it easy for shareholders to participate in general meetings of the Company.

The Company also makes available a telephone number and email address for shareholders to make enquiries of the Company. These contact details are available on the "Corporate Directory" page of the Company's website.

Shareholders may elect to, and are encouraged to, receive communications from HeraMED and HeraMED's securities registry electronically. The contact details for the registry are available on the "Corporate Directory" page of the Company's website.

The Company maintains information in relation to its Constitution, governance documents, Directors and senior executives, Board and committee charters, annual reports and ASX announcements on the Company's website.

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**Principle 7: Recognise and manage risk**

The Board as a whole fulfills to the functions normally delegated to the Audit and Risk Committee as detailed in the Audit and Risk Committee Charter.

The Board is responsible for the oversight of the Company's risk management and internal compliance and control framework. The Company does not have an internal audit function. Responsibility for control and risk management is delegated to the appropriate level of management within the Company with the Chief Executive Officer having ultimate responsibility to the Board for the risk management and internal compliance and control framework. HeraMED has established policies for the oversight and management of material business risks.

HeraMED's Audit and Risk Committee Charter recognises that risk management is an essential element of good corporate governance and fundamental in achieving its strategic and operational objectives. Risk management improves decision making, defines opportunities and mitigates material events that may impact security holder value.

HeraMED believes that explicit and effective risk management is a source of insight and competitive advantage. To this end, HeraMED is committed to the ongoing development of a strategic and consistent enterprise wide risk management program, underpinned by a risk conscious culture.

HeraMED accepts that risk is a part of doing business. Therefore, the Company's Risk Management and Internal Compliance and Control Policy is not designed to promote risk avoidance. Rather, HeraMED's approach is to create a risk conscious culture that encourages the systematic identification, management and control of risks whilst ensuring we do not enter into unnecessary risks or enter into risks unknowingly.

HeraMED assesses its risks on a residual basis; that is it evaluates the level of risk remaining and considering all the mitigation practices and controls. Depending on the materiality of the risks, HeraMED applies varying levels of management plans.

The Board has required management to design and implement a risk management and internal compliance and control system to manage HeraMED's material business risks. It receives regular reports on specific business areas where there may exist significant business risk or exposure. The Company faces risks inherent to its business, including economic risks, which may materially impact the Company's ability to create or preserve value for security holders over the short, medium or long term. The Company has in place policies and procedures, including a risk management framework (as described in the Company's Audit and Risk Committee Charter), which is developed and updated to help manage these risks. The Board does not consider that the Company currently has any material exposure to environmental or social sustainability risks.

The Company's process of risk management and internal compliance and control includes:

- identifying and measuring risks that might impact upon the achievement of the Company's goals and objectives, and monitoring the environment for emerging factors and trends that affect those risks;
- formulating risk management strategies to manage identified risks, and designing and implementing appropriate risk management policies and internal controls; and
- monitoring the performance of, and improving the effectiveness of, risk management systems and internal compliance and controls, including regular assessment of the effectiveness of risk management and internal compliance and control.

The Board reviews the Company's risk management framework at least annually to ensure that it continues to effectively manage risk.

Management reports to the Board as to the effectiveness of HeraMED's management of its material business risks at each Board meeting.

**Principle 8: Remunerate fairly and responsibly**

The Board as a whole fulfills to the functions normally delegated to the Remuneration Committee as detailed in the Remuneration Committee Charter.

HeraMED has implemented a Remuneration Policy which was designed to recognise the competitive environment within which HeraMED operates and also emphasise the requirement to attract and retain high caliber talent in order to achieve sustained improvement in HeraMED's performance. The overriding objective of the Remuneration Policy is to ensure that an individual's remuneration package accurately reflects their experience,



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level of responsibility, individual performance and the performance of HeraMED.

The key principles are:

- reviewing and approving the executive remuneration policy to enable the Company to attract and retain executives and Directors who will create value for shareholders;
- reviewing and approving the non-executive remuneration policy to enable the Company to attract and retain non-executive Directors in a manner that will not conflict with their obligation to bring an independent judgement to matters before the Board;
- ensuring that the executive remuneration policy demonstrates a clear relationship between key executive performance and remuneration;
- recommending to the Board the remuneration of executive Directors;
- fairly and responsibly rewarding executives having regard to the performance of the Group, the performance of the executive and the prevailing remuneration expectations in the market;
- reviewing the Company's recruitment, retention and termination policies and procedures for senior management;
- reviewing and approving the remuneration of Director reports to the Managing Director, and as appropriate other senior executives; and
- reviewing and approving any equity based plans and other incentive schemes.

The Board determines the Company's remuneration policies and practices and assesses the necessary and desirable competencies of Board members. The Board is responsible for evaluating Board performance, reviewing Board and management succession plans and determines remuneration packages for the Chief Executive Officer, Non-Executive Directors and senior management based on an annual review.

HeraMED's executive remuneration policies and structures and details of remuneration paid to directors and key management personnel (where applicable) are set out in the Remuneration Report.

Non-Executive Directors receive fees (including statutory superannuation where applicable) for their services, the reimbursement of reasonable expenses and, in certain circumstances options.

The maximum aggregate remuneration for Non-Executive Directors is \$300,000 per annum as disclosed within the Company's constitution which may be varied from time to time by the Shareholders in general meeting. The Directors set the individual Non-Executive Directors fees within the limit approved by shareholders.

Executive directors and other senior executives (where appointed) are remunerated using combinations of fixed and performance based remuneration. Fees and salaries are set at levels reflecting market rates and performance based remuneration is linked directly to specific performance targets that are aligned to both short and long term objectives.

The Company prohibits Directors and employees from entering into any transaction that would have the effect of hedging or otherwise transferring the risk of any fluctuation in the value of any unvested entitlement in the Company's securities to any other person.

Further details in relation to the company's remuneration policies are contained in the Remuneration Report, within the Directors' report.