

# CORPORATE GOVERNANCE STATEMENT

## COMPLIANCE AND DEPARTURES FROM RECOMMENDATIONS

This Corporate Governance Statement of Argenica Therapeutics Limited (Argenica and the 'Company') has been prepared in accordance with the 4<sup>th</sup> Edition of the Australian Securities Exchange's ('ASX') Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council ('ASX Principles and Recommendations').

This statement has been approved by the company's Board of Directors ('Board') and is current as at 23 April 2021.

The ASX Principles and Recommendations and the company's response as to how and whether it follows those recommendations are set out below.

Principle and Recommendations	Comply (Yes/No)	Explanation
<b>PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b>		
<b>Recommendation 1.1</b> A listed entity should have and disclose a board charter setting out: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	Yes	The Company has adopted a Board Charter.  The Board Charter sets out matters including the specific roles and responsibilities of the Board and management requirements as to the Board's composition, the roles and responsibilities of the Chairman and Company Secretary, and the establishment, operation and management of Board Committees.  The Company's Board Charter is available on the Company's website.
<b>Recommendation 1.2</b> A listed entity should: (a) undertake appropriate checks before appointing a director or senior executive or putting someone forward for election as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	Yes	(a) The Company undertakes checks on any person who is being considered as a director or senior executive. These checks may include good fame and character, experience, education and financial history and background.  (b) All material information relevant to a decision on whether or not to elect or re-elect a Director will be provided to security holders in a Notice of Meeting pursuant to which the resolution to elect or re-elect a Director will be voted on.
<b>Recommendation 1.3</b> A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Yes	Each senior executive and executive Director has a formal employment contract and the non-executive Directors have a letter of appointment.

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<p><b>Recommendation 1.4</b></p> <p>The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.</p>	Yes	<p>The Company Secretary is accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board.</p>
<p><b>Recommendation 1.5</b></p> <p>A listed entity should:</p> <p>(a) have and disclose a diversity policy;</p> <p>(b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of the board, senior executives and workforce generally; and</p> <p>(c) disclose in relation to each reporting period:</p> <p>1) the measurable objectives set for that period to achieve gender diversity;</p> <p>2) the entity's progress towards achieving them, and</p> <p>3) either:</p> <p>(A) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "<i>senior executive</i>" for these purposes); or</p> <p>(B) if the entity is a "<i>relevant employer</i>" under the Workplace Gender Equality Act, the entity's most recent "<i>Gender Equality Indicators</i>", as defined in and published under that Act.</p> <p>If the entity was in the S&amp;P/ASX 300 Index at the commencement of the reporting period, the measurable objective for achieving gender diversity in the composition of its board should be to have not less than 30% of its directors of each gender within a specified period.</p>	Partially	<p>The Company has adopted a Diversity Policy, however, given the current size of the Company, the Board has determined that the benefits of the initiatives recommended by the ASX Corporate Governance Council are disproportionate to the costs involved in implementing such strategies, including compliance with the requirement for the Company to set and report against measurable objectives for achieving gender diversity.</p> <p>The Board will drive the Company's diversity strategies on an informal basis and will apply the initiatives contained in its Diversity Policy to the extent that the Board considers relevant and necessary.</p> <p>The Company's Diversity Policy is available on the Company's website.</p> <p>For each reporting period, the Company will include in the annual report each year relevant information about the Company's diversity practices to the extent required by its Diversity Policy.</p> <p>The Company is not in the S&amp;P/ASX 300 Index.</p>
<p><b>Recommendation 1.6</b></p> <p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose for each reporting period, whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.</p>	Yes	<p>(a) The performance of the Board, is reviewed annually against appropriate measures in a manner that the Board deems appropriate. The review has regard to various matters including those set out in the Performance Evaluation Policy. The Remuneration and Nomination Committee will assist the Board as required in evaluations of the performance of directors.</p> <p>(b) The Remuneration and Nomination Committee will undertake a performance evaluation of the Board in the 12 month period post</p>

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		admission to the ASX.
<p><b>Recommendation 1.7</b> A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives at least once every reporting period; and</p> <p>(b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.</p>	Yes	<p>(a) The Remuneration and Nomination Committee is responsible for evaluating the performance of senior executives. The Committee is to arrange an annual performance evaluation of the senior executives.</p> <p>(b) The Remuneration and Nomination Committee will undertake a review of the performance of the Managing Director / CEO in the 12 month period post admission to the ASX.</p>
<b>PRINCIPLE 2: STRUCTURE THE BOARD TO BE EFFECTIVE AND ADD VALUE</b>		
<p><b>Recommendation 2.1</b> The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(i) has at least three members, a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director; and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	Yes	<p>The Company has a Remuneration and Nomination Committee which comprises 3 non-executive Directors (Liddy McCall, Terry Budge and Geoff Pocock). The majority of the members are independent and it is chaired by an independent Director (Liddy McCall). The Remuneration and Nomination Committee's Charter is located on the Company's website.</p> <p>The Company will report on the meetings and attendance of the Remuneration and Nomination Committee in its next Annual Report.</p>
<p><b>Recommendation 2.2</b> A listed entity should have and disclose a board skill matrix setting out the mix of skills the board currently has or is looking to achieve in its membership.</p>	Partially	<p>The Board reviews capabilities, technical skills and personal attributes of its directors. It reviews the Board's composition against those attributes and recommends any changes in Board composition that may be required. The Company has not disclosed a board skill matrix.</p>
<p><b>Recommendation 2.3</b> A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p>	Yes	<p>(a) The current Directors considered to be independent by the Board are Liddy McCall and Terry Budge.</p> <p>(b) Details of the Directors' interests, positions associations and relationships are provided in IPO</p>

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<p>(b) if a director has an interest, position or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendations (4<sup>th</sup> Edition), but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p>		<p>Prospectus. The Board has determined the independence of each of the Directors in accordance with the guidance set out in the ASX Corporate Governance Council and have not formed an opinion contrary to those guidelines. Sam South is not considered independent being an executive of the Company. Geoff Pocock is not considered independent a substantial shareholder of the Company.</p> <p>(c) The length of service of each Director is disclosed in the Company's Annual Report for the year ended 30 June 2020.</p>
<p><b>Recommendation 2.4</b> A majority of the board of a listed entity should be independent directors.</p>	No	<p>The Board has formed the view that, given the size and nature of the business of the Company, the current Board structure is appropriate for the Company at its current stage of development.</p>
<p><b>Recommendation 2.5</b> The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.</p>	Partially	<p>The Board has formed the view that, given the size and nature of the business of the Company, and the knowledge and experience Geoff Pocock brings to the Company, that Geoff Pocock is the most appropriate person to hold the position of Chairman of the Company even though he is not independent by reason of being a substantial shareholder.</p> <p>The Chairman is not the same person as the CEO of the entity.</p>
<p><b>Recommendation 2.6</b> A listed entity should have a program for inducting new directors for periodically reviewing whether there is need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.</p>	Yes	<p>The Company's program for the induction of new Directors is tailored to each new Director depending on their personal requirements, background, skills, qualifications and experience and includes meetings with management of the Company, the provision of a formal letter of appointment and Company and Board policies and an induction pack containing sufficient information to allow the new Director to gain an understanding of the business of the Company and the roles and duties and responsibilities of the Company.</p> <p>All Directors are expected to maintain the skills required to effectively discharge their obligations to the Company. All Directors are encouraged to undertake continuing professional education and development and, if this</p>

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		involves industry seminars and approved education courses, where appropriate this is paid for by the Company. The Remuneration and Nomination Committee oversees the induction program for new directors and considers the training and development needs of all Directors.
<b>PRINCIPLE 3: INSTILL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY</b>		
<b>Recommendation 3.1</b> A listed entity should articulate and disclose its values	No	The Company has not articulated and disclosed its values at this point in time.
<b>Recommendation 3.2</b> A listed entity should: (a) have and disclose a code of conduct for its directors, senior executives and employees; and (b) ensure the board or a committee of the board is informed of any material breaches of that code.	Yes	(a) The Company's Code of Conduct applies to the Company's directors, senior executives and employees. The Company's Code of Conduct is available on the Company's website. (b) Any material breaches of the Code of Conduct are expected to be reported to the Board.
<b>Recommendation 3.3</b> A listed entity should: (a) have and disclose a whistleblower policy; and (b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.	Yes	(a) The Company has a Whistleblower Policy which is disclosed on the Company's website; and (b) The Whistleblower Policy includes a process to report incidents to a Protected Disclosure Officer who is a member of the board or the Company Secretary who reports to the Board.
<b>Recommendation 3.4</b> A listed entity should: (c) have and disclose an anti-bribery and corruption policy; and (d) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.	Yes	(a) The Company has an Anti-Bribery and Corruption Policy which is disclosed on the Company's website; and (b) Breaches of the Anti-Bribery and Corruption Policy are reported to a Authorised Officer who is a member of the board or the Company Secretary who reports to the Board.
<b>PRINCIPLE 4: SAFEGUARD THE INTEGRITY OF CORPORATE REPORTS</b>		
<b>Recommendation 4.1</b> The board of a listed entity should: (a) have an audit committee which: (i) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (ii) is chaired by an independent director, who is not the chair of the board, and disclose: (iii) the charter of the committee; (iv) the relevant qualifications and experience of the members of the committee; and	Yes	The Company has an Audit and Risk Committee which comprises Terry Budge (Chair), Liddy McCall and Geoff Pocock. The members are all Non-Executive Directors and a majority are independent Directors.  The Audit and Risk Committee's Charter is available on the Company's website.  The Company will report on the meetings and attendance of the Audit and Risk Committee in its next Annual Report.

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<p>(v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>		
<p><b>Recommendation 4.2</b></p> <p>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	Yes	<p>Before the Board approves the entity's financial statements for a financial period, the CEO and CFO must have declared 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><b>Recommendation 4.3</b></p> <p>A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.</p>	Yes	<p>The Company's external auditor, RSM, reviews the annual Directors' Report, annual Remuneration Report and the annual and half yearly Financial Statements. The balance of periodic corporate reports, including Appendix 4C Quarterly Cashflow &amp; Activity Reports and the annual Corporate Governance Statement, are subject to an internal review process by the Managing Director and relevant senior executives before being submitted to the Board for review and approval.</p>
<b>PRINCIPLE 5: MAKE TIMELY AND BALANCE DISCLOSURE</b>		
<p><b>Recommendation 5.1</b></p> <p>A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under the Listing Rule 3.1.</p>	Yes	<p>The Company has a Continuous Disclosure and Market Communications Policy that outlines the processes followed by the Company to ensure compliance with its continuous disclosure obligations and the corporate governance standards applied by the Company in its market communications. The Continuous Disclosure and Market Communications Policy is available on the Company's website.</p>

<b>Principle and Recommendations</b>	<b>Comply (Yes/No)</b>	<b>Explanation</b>
<p><b>Recommendation 5.2</b> A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.</p>	Yes	Board members receive email alerts of all market announcements.
<p><b>Recommendation 5.3</b> A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.</p>	Yes	New and substantive investor or analyst presentations are released on the ASX Market Announcements Platform ahead of the presentation.
<b>PRINCIPLE 6: RESPECT THE RIGHTS OF SECURITY HOLDERS</b>		
<p><b>Recommendation 6.1</b> A listed entity should provide information about itself and its governance to investors via its website.</p>	Yes	Information about the Company and its governance is available in the Corporate Governance Statement and associated policies which can be found on the Company's website.
<p><b>Recommendation 6.2</b> A listed entity should have an investor relations program to facilitate effective two-way communication with investors.</p>	Yes	The Company has adopted a Shareholder Communications Policy which aims to promote and facilitate effective two-way communication with investors. The Strategy outlines a range of ways in which information is communicated to shareholders.  The Shareholder Communications Policy is available on the Company's website.
<p><b>Recommendation 6.3</b> A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.</p>	Yes	The Shareholders Communication Policy sets out the policies and processes the Company has in place to facilitate and encourage participation at meetings of security holders. The Company permits shareholders to vote online (and by other methods) prior to an Annual General Meeting if they are unable to attend the meeting.
<p><b>Recommendation 6.4</b> A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.</p>	Yes	The Company intends to decide all substantive resolutions at future meetings of security holders by a poll rather than a show of hands
<p><b>Recommendation 6.5</b> A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.</p>	Yes	The Shareholders Communication Policy sets out the policies and processes the Company has in place to facilitate and encourage participation at meetings of security holders including receiving communications electronically.
<b>PRINCIPLE 7: RECOGNISE AND MANAGE RISK</b>		
<p><b>Recommendation 7.1</b> The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which:</p>	Yes	The Company has an Audit and Risk Committee which comprises Terry Budge (Chair), Liddy McCall and Geoff Pocock. A majority of these members are independent Directors and is

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<ul style="list-style-type: none"> <li>(i) has at least three members, a majority of whom are independent directors; and</li> <li>(ii) is chaired by an independent director, and disclose: <ul style="list-style-type: none"> <li>(iii) the charter of the committee;</li> <li>(iv) the members of the committee; and</li> <li>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> </li> <li>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the process it employs for overseeing the entity's risk management framework.</li> </ul>		<p>Chaired by an independent Director.</p> <p>The Audit and Risk Committee Charter is available on the Company's website.</p> <p>The Company will report on the meetings and attendance of the Audit and Risk Committee in its next Annual Report.</p>
<p><b>Recommendation 7.2</b></p> <p>The board or a committee of the board should:</p> <ul style="list-style-type: none"> <li>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and</li> <li>(b) disclose in relation to each reporting period, whether such a review has taken place.</li> </ul>	Yes	<p>The Board will, at least annually, assisted by the Audit and Risk Committee, undertake a structured consideration and review of the risk management framework and the material risks faced by, and the risk attitude of, the Company.</p> <p>The Company will undertake a review in the 12 month period post admission to the ASX.</p>
<p><b>Recommendation 7.3</b></p> <p>A listed entity should disclose:</p> <ul style="list-style-type: none"> <li>(a) if it has an internal audit function, how the function is structured and what role it performs; or</li> <li>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its governance, risk management and internal control processes.</li> </ul>	Yes	<p>The Company does not have a separate internal audit function given the size of the Company, the evaluation of risk management and internal control processes is overseen by the Audit and Risk Committee pursuant to the Audit and Risk Committee Charter.</p>
<p><b>Recommendation 7.4</b></p> <p>A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.</p>	Yes	<p>The Company's material risks are outlined in its IPO Prospectus for admission to the ASX.</p> <p>The Company is of the view that its operations do not create a material exposure to environmental risks at this point in time.</p> <p>In terms of social risks, the Company is developing a therapeutic drug and notes that there are numerous regulatory issues to pass before agencies (such as the TGA and FDA) might be prepared to grant permission for a drug candidate to undergo human studies. The Company</p>



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		<p>will conduct its clinical programs on the advice of consultants experienced in clinical trial design and regulatory affairs.</p> <p>The Board manages the assessment of environmental and social risks through a periodic review of a corporate risk register.</p>
<b>PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY</b>		
<p><b>Recommendation 8.1</b></p> <p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <ul style="list-style-type: none"> <li>(i) has at least three members, a majority of whom are independent directors; and</li> <li>(ii) is chaired by an independent director, and disclose:</li> <li>(iii) the charter of the committee;</li> <li>(iv) the members of the committee; and</li> <li>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	Yes	<p>The Company has a Remuneration and Nomination Committee which comprises 3 non-executive Directors (Liddy McCall, Terry Budge and Geoff Pocock). The majority of the members are independent and it is chaired by an independent Director (Liddy McCall).</p> <p>The Remuneration and Nomination Committee will report on the number of times that the Committee meets and the individual attendances of the members at those Committee meetings in the Company's next Annual Report.</p>
<p><b>Recommendation 8.2</b></p> <p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	Yes	<p>The Company provides disclosure of all Directors and executives remuneration in its Annual Report.</p> <p>Non-executive directors are remunerated at a fixed fee for time, commitment and responsibilities. There are no documented agreements providing for termination or retirement benefits to non-executive directors.</p> <p>Executive directors and senior executives are offered a competitive level of base pay at market rates and are reviewed annually to ensure market competitiveness. Performance incentives may include performance bonus payments, shares and / or options granted at the discretion of the Board and subject to obtaining the relevant approvals.</p>

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<p><b>Recommendation 8.3</b> A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	Yes	The Company has an employee incentive scheme and has adopted a policy that participants are not permitted to enter into transactions which limit the economic risk of participating in the scheme.