



## **CORPORATE GOVERNANCE COMPLIANCE MANUAL**

Vectus Biosystems Limited (Vectus or the Company) has adopted a formal Corporate Governance Compliance Manual to assist it with compliance with its corporate governance obligations. The Board of Directors continues to review this Manual and the Company's situation to determine if it remains appropriate and effective in terms of its corporate governance procedures, and is up-to-date in terms of the current recommendations of the Australian Securities Exchange (ASX) Corporate Governance Council.

This document has been prepared for the Board of Directors following a Corporate Governance meeting on 21 October 2015, and is reviewed and updated by the Corporate Governance Committee and the Board at least once each year.

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## Appendix A

### CORPORATE CODE OF CONDUCT

Vectus Biosystems Limited (Vectus or the Company) has adopted a formal Code of Conduct to guide compliance with legal and other obligations. The Board of Directors continues to review the Code of Conduct and the Company's situation to determine if it is appropriate and effective in terms of its operational procedures.

#### 1. Introduction to the Code of Conduct

The Vectus Code of Conduct sets out the standards that its Board, management and employees are encouraged to comply with when dealing with each other, shareholders and the broader community.

#### 2. Board and Management's Role in the Corporate Code of Conduct

The Vectus Board and management have prepared, reviewed and endorse this Code of Conduct. The Board and management encourage all staff to consider the Code of Conduct, and use it to determine how to respond when acting on behalf of the Company.

#### 3. Responsibilities to Shareholders and the Financial Community

The Company aims to enhance shareholder value and to safeguard the rights and interests of the Company's shareholders, and the financial and business community, and comply with systems of accounting internal and other controls, and accountability that Vectus has in place as part of its corporate governance, and to act with honesty, integrity and fairness.

#### 4. Responsibility to Customers and Suppliers

The Company is to comply with all legislative and common law requirements that affect its activities. Any transgression from the applicable legal rules is to be reported to the Managing Director / CEO / Executive Director as soon as a Director or employee becomes aware of such a transgression.

#### 5. Employment Matters

Vectus will employ the best available staff with the skills required to carry out their roles. The Company will ensure a safe workplace, and maintain proper occupational health and safety practices commensurate with the nature of the Company's business and activities.

#### 6. Responsibility to the Community

The Company will act with honesty, integrity and fairness in all dealings with the community. The Company will recognise, consider and respect environmental issues that arise in relation to the Company's activities, and comply with all applicable legal requirements.

#### 7. Responsibility to the Individual

The Company recognises and respects the rights of individuals, and to the best of its ability will comply with the applicable legal rules regarding privacy, privileges, and private and confidential information. Vectus will maintain the confidentiality of the Company's shareholders, customers and suppliers, unless it is required to be disclosed by law.

**8. Obligations Relative to Fair Trading and Dealing**

The Company will deal with others in a way that is fair and will not engage in deceptive practices.

**9. Management of any Conflicts of Interest**

The Board, management and employees must not involve themselves in situations where there is a real or apparent conflict of interest between them as individuals and the interest of the Company (excluding those matters that may be subject to legal professional privilege). Where a real or apparent conflict of interest arises the matter should be brought to the attention of the Chairman in the case of a Board member, the Managing Director / CEO / Executive Director in the case of a member of management, and a direct supervisor in the case of other employees, so that it may be considered and dealt with in an appropriate manner for all concerned.

**10. Compliance with the Code of Conduct**

Any breach of compliance with the Code of Conduct is to be reported directly to a senior executive, particularly the Managing Director / CEO / Executive Director, or the Chairman or Deputy Chairman, as appropriate.

**11. Periodic Review of the Code of Conduct**

The Company will monitor compliance with the Code of Conduct periodically by liaising with the Board, management and staff, especially in relation to any areas of difficulty that arise from the Code of Conduct, and any other ideas or suggestions for improvement. Suggestions for improvements or amendments can be made at any time.

**12. Code of Conduct for Employees and Contractors**

The Code of Conduct for employees and contractors forms part of this Corporate Code of Conduct. It provides as follows – employees and contractors will:

- be committed to the ideal of equal employment opportunity, and to providing a workplace that is free from harassment and discrimination. To this end the Company will observe the rules and spirit of the legal and regulatory environment in which the Company operates. In this regard, refer to the Company's separate Diversity Policy Charter;
- deal with the Company's customers, suppliers, competitors and each other with the highest level of honesty, fairness and integrity, and will observe the rules and spirit of the legal and regulatory environment in which the Company operates;
- actively promote the highest standards of ethics and integrity in carrying out their duties for the Company;
- respect the confidentiality of all information of a confidential nature that is acquired in the course of the Company's business and will not disclose or make improper use of such confidential information to any person unless specific authorisation is given for disclosure or disclosure is legally mandated;
- report any breach of this Code of Conduct to senior management, who will treat reports made in good faith with respect and in confidence;
- protect the assets of the Company to ensure availability for legitimate business purposes and ensure all corporate opportunities are enjoyed by the Company, and that no property, information or position belonging to the Company, or

opportunity arising from these, are used for personal gain or to compete with the Company; and

- disclose any actual or perceived conflicts of interest of a direct or indirect nature of which they become aware and of which they believe could compromise in any way the reputation or performance of the Company.

## Appendix B

### CORPORATE GOVERNANCE COMMITTEE CHARTER

#### 1. Membership

- 1.1 Members of the Vectus Biosystems Limited (Vectus or the Company) Corporate Governance Committee will be no less than two Non-Executive Directors and an Executive Director.
- 1.2 The Chairman of the Corporate Governance Committee shall be a Non-Executive Director of the Company.
- 1.3 Members of the Corporate Governance Committee shall be appointed for an initial three-year term of office after which their appointment may be subject to annual review and probable rotation.

#### 2. Secretary and Meetings

- 2.1 The Company Secretary will act as secretary of the Committee (Secretary) unless determined otherwise by the Board. The Company Secretary, in conjunction with the Chairman, shall draw up an agenda that shall be circulated at least two full working days prior to each meeting to the members of the Corporate Governance Committee.
- 2.2 The Chairman will call a meeting of the Corporate Governance Committee if so requested by any Committee member, the Managing Director / CEO / Executive Director or Company Secretary.
- 2.3 Meetings shall be held at least once each year or as required.

#### 3. Reporting

- 3.1 The Chairman of the Corporate Governance Committee shall report the findings and recommendations of the Corporate Governance Committee to the Board after each Committee meeting. The minutes of all Corporate Governance Committee meetings shall be circulated to members of the Board. The Chairman may submit an Annual Report to the Board summarising the Corporate Governance Committee's activities during the year, and the related significant results and findings.
- 3.2 The Corporate Governance Committee shall have no executive powers with regard to its findings and recommendations.

#### 4. Responsibilities

- 4.1 The Corporate Governance Committee is responsible for:
  - implementing and monitoring the ethical standards of the Company;
  - the Company's Code of Conduct;
  - the Company's policies on the environment, in conjunction with the Audit and Risk Management Committee;
  - preparing and annually updating the Company's Corporate Governance Statement for release to the ASX and for uploading it to its website;
  - ensuring that a socially-acceptable process is adopted to ensure that the Company is an equal opportunity employer; and

- making sure that the Company is an upstanding corporate citizen.

In addition, the Corporate Governance Committee shall examine any other matters referred to it by the Board.

4.2 The work of the Corporate Governance Committee will draw on relevant best practice principles and recommendations, particularly those issued by the third edition of the ASX Corporate Governance Council dated 27 March 2014.

4.3 The duties of the Corporate Governance Committee are as follows –

- To establish and periodically review the Corporate Code of Conduct, as well as procedures to ensure compliance.
- To supervise special investigations as directed by the Board.
- To review policies on sensitive issues or practices, such as environmental issues.
- To review policies in order to avoid conflicts of interest, and review past or proposed transactions between the corporation and members of management.
- To monitor the Company's compliance with its equal opportunity obligations.

## **5. The Committee's Right to Information**

5.1 The Corporate Governance Committee shall have the authority to seek any information it requires from any officer or employee of the Company, or its subsidiary companies, and such officers or employees shall be instructed by the Board of the Company employing them to respond to such enquiries.

## Appendix C

### AUDIT AND RISK MANAGEMENT COMMITTEE CHARTER

#### 1. Membership

- 1.1 The Chairman of the Vectus Biosystems Limited (Vectus or the Company) Audit and Risk Management Committee shall be a Non-Executive Director of the Company.
- 1.2 Members of the Committee shall be appointed for an initial three-year term of office after which their appointment may be subject to annual rotation.

#### 2. Secretary and Meetings

- 2.1 The Company Secretary will act as secretary of the Committee (Secretary) unless determined otherwise by the Board. The minute secretary, in conjunction with the Chairman, shall draw up an agenda that shall be circulated at least two full working days prior to each meeting to the members of the Committee, the external Auditor and any notified invitees.
- 2.2 The Chairman will call a meeting of the Audit and Risk Management Committee if so requested by any Committee member, the Managing Director / CEO / Executive Director or external Auditor.
- 2.3 The Managing Director / CEO / Executive Director, Company Secretary and the external Auditor should be given notice of all meetings and have the right to attend and speak.
- 2.4 Meetings shall be held twice a year, when the Company is listed on the ASX, or as required. Meetings are to be held at least:
  - before the issue of the Half-Year Report, which is required when the Company is listed on the ASX; and
  - before the issue of the final financial result and prior to the Board meeting approving the Annual Financial Report.

A member of the Committee may also meet separately with the external Auditor.

#### 3. Reporting

- 3.1 The Chairman of the Audit and Risk Management Committee shall report the findings and recommendations of the Committee to the Board after each Committee meeting. The minutes of all Committee meetings shall be circulated to members of the Board. The Chairman may submit an annual report to the Board summarising the Committee's activities during the year, and the related significant results and findings.
- 3.2 The Audit and Risk Management Committee shall have no executive powers with regard to findings and recommendations.

#### 4. Responsibilities

- 4.1 The Audit and Risk Management Committee shall consider any matters relating to the financial affairs of the Company, and its subsidiary companies, and to the Group's external audit, that it determines to be desirable. In addition, the Audit and Risk Management Committee shall examine any other matters referred to it by the Board.

4.2 The duties of the Audit and Risk Management Committee are as follows:

- monitoring compliance with the Corporations Act, ASX Listing Rules and any matters outstanding with the external Auditor, Australian Taxation Office, Australian Securities and Investments Commission (ASIC) and financial institutions;
- monitoring corporate risk assessment (including on environmental risks) and the internal controls instituted as directed by the Board of Directors;
- liaison with the external Auditor;
- reviewing the annual audit plan with management and the external Auditor;
- reviewing information derived from the audit;
- reviewing interim financial information;
- supervising special investigations as directed by the Board;
- reviewing compliance with applicable government regulations;
- assessing the performance of financial management;
- reviewing the adequacy of insurance coverage; and
- reviewing the performance and compensation of the external Auditor.

## **5. The Committee's Right to Information**

5.1 The Audit and Risk Management Committee shall have the authority to seek any information it requires from any officer or employee of the Company, or its subsidiary companies, and such officers or employees shall be instructed by the Board of the Company employing them to respond to such enquiries. The Audit and Risk Management Committee is authorised to take such independent professional advice as it considers necessary.

## **6. Meeting Timetable**

6.1 The Company Secretary is to distribute a meeting timetable for each forthcoming calendar year.

## Appendix D

### DIVERSITY POLICY CHARTER

#### 1. Overview

The Board of Directors of Vectus Biosystems Limited (Vectus or the Company) is responsible for the overall management of the Company, including guidance as to strategic direction, ensuring best practice corporate governance and oversight of management. The Company recognises that people are one of its most important assets, and is committed to the maintenance and promotion of workplace diversity.

The Company believes that the pursuit of diversity in the workplace increases its ability to attract, retain and develop the best talent available, creates an engaged workforce, delivers the highest quality services to its customers, enhances individual work-life balance, encourages personal achievement, improves co-operation and assists in the optimisation of organisational performance. Diversity in the workplace should mirror the diversity of the broader community, encompassing age, gender, ethnicity, cultural and other personal factors. The Company respects the diversity of all employees, consultants and contractors, and cultivates an environment of fairness, respect and equal opportunity.

The Company has developed, and the Remuneration and Nomination Committee and the Board have formally approved, a Diversity Policy that describes the Company's commitment to ensuring a diverse mix of skills and talent exists amongst its Directors, officers and employees, to enhance the Company's performance. The Diversity Policy addresses equal opportunities in the hiring, training and career advancement of Directors, officers and employees. It outlines the process by which the Board will set measurable objectives to achieve the aims of its Diversity Policy, with particular focus on gender diversity, within the Company. The Board is responsible for monitoring Company performance in meeting the Diversity Policy requirements, including the achievement of diversity objectives.

#### 2. Scope

The Company's vision for diversity incorporates a number of different factors, including gender, ethnicity, disability, age and educational experience. At a Board and senior management level, gender has been identified as a key area of focus for the Company. Accordingly, a primary focus of this Policy is achieving, over a reasonable transition period, adequate representation of women in senior management positions and on the Board.

The strategies outlined below aim to achieve the objectives of this Policy by:

- setting measurable objectives relating to gender at all senior management and leadership levels;
- broadening the field of potential candidates for senior management and Board appointments;
- increasing the transparency of the Board appointment process; and
- embedding the extent to which the Board has achieved the objective of this Policy in the evaluation criteria for the annual Board performance evaluation.

### 3. Promoting Diversity

In order to facilitate greater diversity in management and leadership roles, the Company will:

- introduce and supplement the measures outlined in this Policy;
- implement policies that address impediments to diversity in the workplace (including parental leave and flexible working arrangements that assist employees to fulfil their domestic responsibilities), and review these policies to ensure that they are available to, and utilised at, senior management levels; and
- monitor the effectiveness of, and continue to expand on, existing initiatives designed to identify, support and develop talented women and employees from a diverse range of backgrounds.

It is the responsibility of the Board to foster an environment where:

- individual differences are respected;
- access to employment, rewards and training opportunities is based on performance, skill and merit; and
- inappropriate attitudes, behaviours and stereotypes are confronted and eliminated.

### 4. Measurable Objectives

It is the Company's objective to provide a fair and equitable workplace, free from discrimination related to age, gender, ethnic, cultural or other personal factors, in which diversity enhances Company performance and shareholder value. The Company encourages diversity at all levels of the organisation as a means of facilitating an appropriate mix of skills and talent to conduct its business. Active management of diversity in the workplace involves recognising and valuing the unique contribution people can make because of their individual backgrounds, different skills, experiences and perspectives.

Each year the Board is required to set measurable objectives with a view to progressing towards a balanced representation of women at a Board and senior management level. Performance against these objectives is reviewed annually by the Remuneration and Nomination Committee, as part of its annual review of the effectiveness of this Policy. Subject to the size and operations of the Company, the Board is committed to setting measurable objectives for the long-term goal of improving gender representation across all levels of the organisation. The Board will include in the annual Corporate Governance Statement:

- a summary of the Company's progress towards achieving the measurable objectives set under this Policy for the year to which the annual Corporate Governance Statement relates; and
- details of the measurable objectives set under this Policy for the subsequent financial year.

### 5. Gender Representation Review

On at least an annual basis, the Remuneration and Nomination Committee reviews the proportion of women who are employed by the Company as a whole, in senior management positions and on the Board. The Remuneration and Nomination

Committee submits a report to the Board outlining its findings. The Company discloses in its annual Corporate Governance Statement the proportion of women employees in the Company as a whole, in senior management and on the Board.

## 6. Recruitment, Selection and Succession Planning

The Company provides equal opportunities in respect to employment and employment conditions, including:

- **Hiring:** The Board ensures that appropriate selection criteria, based on diverse skills, experience and perspectives, are used when recruiting new staff and Directors. Job specifications, advertisements, application forms and contracts will not contain any direct or inferred discrimination.
- **Training:** All internal and external training opportunities will be based on merit, and Company and individual needs. The Board will consider senior management training and executive mentoring programmes to develop skills and experience to prepare employees for senior management and Board positions.
- **Career Advancement:** All decisions associated with career advancement, including promotions, transfers, and other assignments, will meet the Company's needs, and be determined on skill and merit.
- **Work Environment:** The Company will ensure that all officers, employees, consultants and contractors have access to a work environment that is free from harassment and unwanted conduct in relation to personal circumstances or characteristics. Directors, managers and supervisors will ensure that complainants or reports of sexual, racial or other harassment are treated seriously, confidentially and sympathetically by the Company.

The Remuneration and Nomination Committee is responsible for the development and succession planning process for the Managing Director / CEO / Executive Director and their direct reports. In discharging this responsibility, the Remuneration and Nomination Committee will have regard to diversity criteria.

Whilst skills such as leadership and previous experience as a CEO, Chairman or Board member of an ASX-listed or healthcare organisation, preferably with international operations, have traditionally been prerequisites to an appointment as a Vectus Director, the Board recognises that other skills gained from experience in the following areas are key skills and experience that the Board as a whole should comprise:

- marketing and sales;
- policy and regulatory development and reform;
- health, safety and environment, and social responsibility; and
- human resources.

The Board will develop and disclose a Board appointment process, which includes selection criteria having regard to the skills and experience outlined above, and the selection process for senior management positions. The Board will develop a Skills Matrix to help with the identification of the skills on the Board and also to isolate any skills that are required when consideration is given to new Board appointments.

The Remuneration and Nomination Committee is responsible for identifying qualified individuals for appointment to the Board. In identifying candidates, the Remuneration

and Nomination Committee will have regard to the selection criteria set out in the Board appointment process, which will include:

- skills, expertise and background that add to and complement the range of skills, expertise and background of the existing Directors, as identified in the Skills Matrix;
- diversity; and
- the extent to which the candidate would fill a present need on the Board.

## **7. Compliance with Policy**

The Board proactively monitors Company performance in meeting the standards and policies outlined in this Policy. This includes an annual review of the diversity objectives set by the Board, and its progress in achieving them. The Board considers setting key performance indicators for the Board, the Managing Director / CEO / Executive Director and senior executives that are linked to the achievement of the diversity objectives set by the Board.

It is the responsibility of all Directors, officers, employees, consultants and contractors to comply with the Company's Diversity Policy, and report violations or suspected violations. Any breach of compliance with this Diversity Policy is to be reported directly to the Managing Director / CEO / Executive Director, Chairman or Deputy Chairman, as appropriate. Anyone breaching this Diversity Policy may be subject to disciplinary action, including termination.

## **8. Disclosure of Policy**

A summary of this Policy and the Company's achievement of the Policy's objectives are disclosed in the annual Corporate Governance Statement, as released to the ASX and uploaded to the Company's website.

## **9. Review of Policy**

The Remuneration and Nomination Committee is responsible for the review and oversight of this Policy. In executing this role, the Remuneration and Nomination Committee, with the appropriate support and input from management:

- reviews on an annual basis:
  1. the effectiveness of this Policy, its objectives and the strategies outlined above, which aim to achieve the objectives; and
  2. the division of responsibilities and accountability for developing and implementing diversity initiatives across the organisation; and
- reports to the Board on the outcomes of its review, including any recommendations for changes to those strategies or the way in which they are implemented.

## Appendix E

### REMUNERATION AND NOMINATION COMMITTEE CHARTER

#### 1. Introduction

- 1.1 This Charter governs the composition, membership, roles and responsibilities of the Vectus Biosystems Limited (Vectus or the Company) Remuneration and Nomination Committee (Committee) of the Company.
- 1.2 The operation of the Committee is also governed, where applicable, by the Constitution of the Company.
- 1.3 This Charter is an important part of the fundamental set of behaviours and principles that underpins all of the Company's activities.

#### 2. Secretary and Meetings

- 2.1 The purpose of the Committee is to provide recommendations to assist the Board of Directors of the Company (Board) with respect to:
  - identifying nominees for Directorships;
  - the composition of the Board;
  - ensuring that appropriate checking and references are taken for new Directors and key executives, including police checks, and that effective induction and education procedures exist for new Board appointees and key executives;
  - ensuring that appropriate procedures exist to assess and review the performance of the Chairman, Executive Directors, Non-Executive Directors, senior management, Board Committees and the Board as a whole;
  - setting in place remuneration policies that are designed to attract and retain senior managers and Directors with the expertise to enhance the performance and growth of the Company; and
  - ensuring that the level and composition of remuneration packages are fair, reasonable and adequate and, in the case of Executive Directors and senior managers, display a clear relationship between the performance of the individual and the performance of the Company.

#### 3. Composition

##### a. Members

The Committee should ideally have a majority of Independent Directors.

The members of the Committee will be appointed and removed by the Board.

##### b. Expertise

Members of the Committee should have an appropriate level of understanding of:

- the principles of corporate governance, including knowledge of the ASX Corporate Governance Principles and Recommendations;
- the Company's businesses and organisation structure;
- the functions of the Board, and the various roles and responsibilities of Directors and other key executive positions;

- the disclosure requirements under the *Corporations Act 2001* and the ASX Listing Rules in respect to executive and Director remuneration;
- the complexities involved in negotiating and determining executive remuneration packages; and
- Company management at a senior management level.

**c. Chairman and Secretary**

The Committee will be chaired by the Chairman of the Board or an Independent Director (Chairman).

The Company Secretary will act as secretary of the Committee (Secretary) unless determined otherwise by the Board.

**d. Liaison**

The principal liaison between executive management and the Committee will be the human resources general manager, when the Company is of sufficient size to employ one, and until that time, the senior executive with the task of carrying out this function.

**4. Meetings**

**4.1 Frequency**

The Committee will meet as frequently as required but must, at a minimum, meet once a year. The Secretary must call a meeting of the Committee if requested to do so by any member of the Committee or Board.

**4.2 Agenda and Notice**

The Secretary will be responsible, in conjunction with the Chairman, for drawing up the agenda (supported by any necessary explanatory documentation) and circulating it to Committee members prior to each meeting. The Secretary must notify members of the Committee of the date, time and location of Committee meetings as far in advance as possible, but not less than two days before the meeting.

**4.3 Quorum**

A quorum for Committee meetings will be at least two members and at least one of the members of the quorum must be an Independent Director.

**4.4 Minutes**

The Secretary is responsible for taking minutes of each meeting and distributing them to Committee members as soon as practicable.

**4.5 Attendance**

The Committee may invite any person to attend part or all of any meeting of the Committee as it considers appropriate. Voting at Committee meetings is restricted to Committee members.

**5. Objectivity**

- 5.1 No member of the Committee will be directly responsible for providing advice or recommendations concerning the level or composition of his or her remuneration to the Board.

- 5.2 The Committee has the right to seek internal and external advice when it considers such advice necessary in order to fulfil its responsibilities.
- 5.3 Management must supply the Committee with information in a form, timeframe and of a quality that will enable the Committee to effectively discharge its duties.
- 5.4 The Committee must ensure that it obtains sufficient information to enable it to make informed decisions with respect to the advice and recommendations it provides to the Board.

## **6. Responsibilities of the Committee**

### **5.1 Nomination, Appointment and Removal**

The Committee is responsible for:

- 5.1.1 identifying specific individuals for nomination for Directorship and key executive roles; and
- 5.1.2 providing advice and recommendations to the Board with respect to the appointment and removal of Directors and key executives.

The Committee must ensure that there is a formal process in place for selecting and appointing new Directors and key executives, and that the process is transparent.

### **5.2 Director Competencies**

The Committee is responsible for providing the Board with advice and recommendations regarding the ongoing development of:

- 5.2.1 a plan for identifying, assessing and enhancing Director competencies; and
- 5.2.2 a succession plan that is designed to ensure that an appropriate balance of skills, experience and expertise is maintained on the Board.

Prior to identifying an individual for nomination for directorship, the Committee must evaluate the range of skills, experience and expertise currently existing on the Board to ensure that the Committee identifies the particular skills, experience and expertise that will most effectively complement the Board's current composition. The Board will develop a Skills Matrix to help with the identification of the skills on the Board and also to isolate any skills that are required when consideration is given to new Board appointments.

### **5.3 Board Composition**

The Committee is responsible for ensuring that the Board is of a size and composition that allows for:

- 5.3.1 decisions to be made expediently;
- 5.3.2 a range of different perspectives to be put forward regarding issues before the Board;
- 5.3.3 a range of different skills to be brought to Board deliberations; and
- 5.3.4 Board decisions to be made in the best interests of the Company as a whole rather than being made in the interests of individual shareholders or interest groups.

### **5.4 Board Commitment**

The Committee is responsible for monitoring, on an ongoing basis, the time required for Non-Executive Directors to adequately fulfill their duties and the extent to which Non-Executive Directors are meeting these time requirements. Prior to the

nomination of a prospective Non-Executive Director the Committee must obtain from the prospective candidate:

5.4.1 details of other commitments of the prospective candidate and an indication of the time involved to meet these requirements; and

5.4.2 an acknowledgement that the prospective candidate will have sufficient time to meet the requirements of a Non-Executive Director of the Company.

## **5.5 Election of Directors**

The Committee must ensure that any Notice of Meeting relating to the election of Directors provides the Company's shareholders with the information necessary to allow them to make an informed decision on the election. The Committee must ensure that Non-Executive Directors are appointed for specific terms subject to re-election, and to the ASX Listing Rules and the *Corporations Act 2001* provisions regarding the removal of Directors.

## **5.6 Induction and Education Procedures**

The Committee must ensure that an effective induction process is implemented for new Board appointees and key executives. This induction process must include:

5.6.1 information about the Company;

5.6.2 information about the industry within which the Company operates; and

5.6.3 an induction programme that enables new Directors and executives to gain an understanding of:

5.6.3.1 the Company's financial, strategic, operational and risk management position;

5.6.3.2 their rights, duties and responsibilities; and

5.6.3.3 the role of any Board committees.

The Committee must review the induction process annually to ensure that it is up-to-date and effective. The Committee must also ensure that Board appointees and executives have access to continuing education to update and enhance their skills and knowledge. This may include education concerning key developments in the Company and within the industry, and environments within which it operates.

## **5.7 Evaluation and Review**

The Committee is responsible for the:

5.7.1 evaluation and review of the performance of the Board against both measurable and qualitative indicators to be established by the Committee;

5.7.2 evaluation and review of the performance of individual Directors against both measurable and qualitative indicators to be established by the Committee;

5.7.3 review of, and making of, recommendations on the size and structure of the Board; and

5.7.4 review of the effectiveness and programme of Board meetings.

## **5.8 Executive Remuneration Policy**

The Committee is responsible for providing the Board with advice and recommendations regarding the ongoing development of an executive remuneration policy that:

5.8.1 is designed to attract, maintain and motivate Directors and senior management with the aim of enhancing the performance and long-term growth of the Company; and

5.8.2 clearly sets out the relationship between the individual's performance and remuneration.

The Committee must review the remuneration policy and other relevant policies on an ongoing basis, and recommend any necessary changes to the Board. The Committee is also responsible for providing the Board with advice and recommendations regarding the Company's policies on recruitment, retention and termination.

### **5.9 Executive Remuneration Packages**

The Committee is responsible for reviewing and providing recommendations to the Board with respect to the remuneration packages of senior management and Executive Directors. The Committee must ensure that the remuneration packages of senior management and Executive Directors:

- 5.9.1 display a balance between fixed and incentive pay that is tailored to the Company's short and long-term performance objectives;
- 5.9.2 provide for a link between rewards and the performance of the Company and individual; and
- 5.9.3 are consistent with the Company's remuneration policy and any other relevant Company policies.

The fixed component of each executive remuneration package should be based on the core performance requirements and expectations of the individual. The performance-based component of each executive remuneration package should be linked to specified performance targets.

The Committee must ensure that, where applicable, any payments of equity-based remuneration are made in accordance with any thresholds set out in plans approved by the Company's shareholders. Committee members must be aware at all times of the limitations of equity-based remuneration.

The Committee is also responsible for advising and providing recommendations to the Board with respect to executive superannuation arrangements.

### **5.10 Incentive Schemes**

The Committee is responsible for reviewing and providing recommendations to the Board with respect to:

- 5.10.1 the Company's policies on incentive schemes; and
- 5.10.2 the incentive schemes of senior managers and Executive Directors.

The Committee will assist the Board in the development of appropriate benchmarks for use in designing incentive schemes.

### **5.11 Non-Executive Remuneration**

The Committee is responsible for providing advice to the Board with respect to Non-Executive Directors' remuneration. The remuneration packages of Non-Executive Directors should generally be fee-based and the Committee must ensure that:

- 5.11.1 there is a clear distinction between the structure of Non-Executive Directors' and Executive Directors' remuneration; and
- 5.11.2 Non-Executive Directors do not participate in remuneration schemes designed for Executive Directors.

## 5.12 Termination Payments

The Committee is responsible for providing advice and recommendations to the Board on the Company's termination and redundancy policies, and the payments made to outgoing Directors and senior managers. The Committee should ensure that termination payments:

- 5.12.1 are fair to the individual and the Company; and
- 5.12.2 do not reward failure.

Where applicable, termination payments must be agreed in advance and must contain clearly-defined provisions regarding the consequences of early termination. The termination payments of the Company's Managing Director / CEO / Executive Director must always be agreed in advance.

## 7. Access to Information

7.1 In order to ensure the Board is able to discharge its responsibilities properly, the Committee should establish a process whereby Directors:

- 7.1.1 can obtain independent professional advice when necessary at the expense of the Company;
- 7.1.2 are encouraged to, and in fact actively, request additional information where they consider that the information supplied by internal or external sources is insufficient to allow them to make informed decisions; and
- 7.1.3 can access the Company Secretary whenever required.

## 8. Reporting

### 8.1 Reporting to the Board

The Committee must report to the Board, at the first Board meeting subsequent to each Committee meeting, regarding the proceedings of each Committee meeting, and the outcomes of the Committee's reviews, recommendations and any other relevant issues.

### 8.2 Annual Corporate Governance Statement

The Committee must provide the Board with advice and recommendations regarding the appropriate material and disclosures to be included in the annual Corporate Governance Statement to be released to the ASX and to be disclosed in the Corporate Governance section of the Company's website in so far as it relates to the Company's nomination policies and procedures, information concerning the Directors, the performance evaluation of the Board, and remuneration policies and procedures.

## 9. Review of the Charter

9.1 This Charter shall be reviewed annually and revised by the Board as required.

## Appendix F

### SECURITIES TRADING POLICY

#### Securities Trading and Trading Windows

Vectus Biosystems Limited (Vectus or the Company) has a Securities Trading Policy under which Directors, members of senior management and other employees likely to be in possession of unpublished price-sensitive information, and their associates (Designated Officers), may not trade in the Company's securities during the following "Blackout or Closed Periods" commencing:

- 30 days prior to the release by the Company of its half-yearly results to the ASX and concluding two days after such release; and
- 30 days prior to the release by the Company of its annual results to the ASX and concluding two days after such release.

In addition, consistent with the law, Designated Officers are prohibited from trading in the Company's securities while in the possession of unpublished price-sensitive information concerning the Company. Unpublished price-sensitive information is information regarding the Company, of which the market is not aware, that a reasonable person would expect to have a material effect on the price or value of the Company's securities.

Notice of an intention to trade must be given in writing to the Vectus Managing Director / CEO / Executive Director (or Chairman or Deputy Chairman in the case of the Directors) prior to trading in the Company's securities, as well as a confirmation that the person is not in possession of any unpublished price-sensitive information. The completion of any such trade by a Director must also be notified immediately in writing to the Company Secretary who in turn advises the ASX.

#### General

The purpose of the Securities Trading Policy is to create awareness among Vectus' Directors, employees and key consultants of the legal prohibition on dealing in securities of the Company. It details the manner in which the Company's Directors, employees and key consultants can deal in the Company's securities. The Policy also aims to ensure that the Company's reputation, and those of its Directors, employees and key consultants, is not adversely impacted by perceptions of dealing at inappropriate times. The Policy's rules are designed to assist in preventing breaches of the insider trading provisions of the Corporations Act. Ultimately it is the responsibility of the Company's Directors, employees and key consultants to ensure that none of their dealings could constitute insider trading.

Directors are required to provide in writing (electronic notification or clearance by email is permitted) details of all changes to their interest in the Company's securities registered in the name of the Director or held on behalf of the Director, directly or indirectly. If changes in interests in those Company securities or contracts are traded during a Blackout or Closed Period, where prior written notice is required under the ASX Listing Rules, the Director must provide the following details in writing (electronic notification or clearance by email is permitted) to the Company:

- whether prior written notice was provided to allow the trade to proceed during this Blackout or Closed Period; and
- if prior written notice was provided, the date this was provided.

The details must be provided as soon as reasonably possible after the date of the change and in any event no later than two business days after the change to allow for compliance with the ASX Listing Rule obligations using an ASX Appendix 3Y release.

## Appendix G

### CONTINUOUS DISCLOSURE POLICY

Under the Corporations Act, a failure to make a disclosure under ASX Listing Rule 3.1, intentionally or recklessly, amounts to a criminal offence, and may result in a fine of \$100,000 for a corporation. In addition, individuals who are “involved” in the contravention (which would include officers or advisers who aid, abet, counsel, procure or are knowingly concerned in the contravention) are also liable. The maximum penalty for individuals is \$20,000 or imprisonment for five years, or both. A negligent failure to make a disclosure under ASX Listing Rule 3.1 is a contravention of the Corporations Act, but will not amount to a criminal offence. A civil liability arises if the failure to disclose is intentional, reckless or negligent. A person who suffers loss or damage as a result of such failure may recover that loss or damage from Vectus Biosystems Limited (Vectus or the Company), or against “any person involved in the contravention”. This could include the Directors or Executive Officers of Vectus.

The ASX Listing Rules provide that Vectus does not need to disclose information under ASX Listing Rule 3.1 if each of the following is satisfied:

1. One or more of the following five situations applies (ASX Listing Rule 3.1A.1) –
  - It would be a breach of a law to disclose the information;
  - The information concerns an incomplete proposal or negotiation;
  - The information comprises matters of supposition, or is insufficiently definite to warrant disclosure;
  - The information is generated for the internal management purposes of the entity; or
  - The information is a trade secret; and
2. The information is confidential and ASX has not formed the view that the information has ceased to be confidential (ASX Listing Rule 3.1A.2); and
3. A reasonable person would not expect the information to be disclosed (ASX Listing Rule 3.1A.3).

The above exemption from the requirement to make disclosure only operates while all three elements are satisfied. If any of the requirements cease to be satisfied, the entity must disclose the information immediately. If information that has not been disclosed by relying on the exemption becomes known in some way to participants in the market, then it must be given to the ASX for release to the market, as it would no longer satisfy the confidentiality requirement. It does not matter how the information became known by the market.

The three elements that must be established for information to be exempt from disclosure:

- **One of the Five Points in ASX Listing Rule 3.1A.1**

One of the five points in ASX Listing Rule 3.1A.1 must also be established. These points are listed above (i.e.1.).
- **Confidentiality (ASX Listing Rule 3.1A.2)**

ASX Listing Rule 3.1A.2 requires that the information that is not to be disclosed be confidential. “Confidential” in this context has the sense of secret and generally implies control by Vectus of the use that can be made of the information.

The mere fact that a confidentiality agreement has been entered into will not automatically satisfy this element. Confidential means that no-one in possession of the information is entitled to trade in Vectus' shares. Unusual activity in Vectus' shares may suggest that the information is no longer confidential.

The ASX accepts that confidentiality is not breached if information is given to Vectus' advisers, a person with whom Vectus is negotiating, or other regulatory authorities, if it is given on a basis that restricts its use to the stated purpose.

- **A reasonable person would not expect the information to be disclosed (ASX Listing Rule 3.1A.3)**

A reasonable person would not expect information to be disclosed if the result would be to cause unreasonable prejudice to the entity. Similarly, a reasonable person would not expect disclosures of an inordinate amount of detail.

### **Vectus' Policy**

All share price-sensitive information is to be released to the market as soon as practicable. The Company's Directors will regularly meet to discuss corporate developments and to ensure that the market is fully informed and this matter will be an agenda item for each Board meeting. Any significant matters that arise from which questions on whether or when disclosure to the ASX should be made are to be considered by the Executive Directors, the Chairman and Deputy Chairman of the Company, the Chairman of the Audit and Risk Management Committee, and the Company Secretary. The Vectus share price and trading volumes are to be monitored, and any unusual patterns are to be brought to the attention of the parties mentioned above and to the Board if necessary.

### **ASX Policy – Guidance Note**

The ASX has issued a Guidance Note in relation to ASX Listing Rule 3.1. The ASX states that the Guidance Note 8 (updated on 1 May 2013) is only a guide as to ASX practice, and that entities should contact the ASX to discuss their particular circumstances and the application of the ASX Listing Rules.

It is ASX policy that whatever the information, and however much it might otherwise have been reasonable not to disclose it, the information should be released to the whole market once it becomes known to any part of the market.

- **Disclosure of Information to Brokers and the Press**

ASX Listing Rule 15.7 has the effect that Vectus must not release information that is to be released to the market to any person (including the media, even on an embargoed basis) until it has given the information to the ASX and has received an acknowledgement that the ASX has released it to the market.

With respect to broker analysts, the ASX states that a company must only disclose public information in answering an analyst's questions, or reviewing their draft reports. The ASX states that it is inappropriate for a question to be answered, or a report corrected, if doing so involves providing material information that is not public. The ASX states that when analysts visit the company, care should be taken to ensure that they do not obtain material information that is not public.

- **Internal Disclosure**

Employees will have access to information that is confidential. The employees with such access should be made aware of its confidential nature. The ASX notes that

companies should ensure that confidential information does not find its way into “in house” publications.

### **Insider Trading and “Tipping”**

The Corporations Act prohibits the following conduct:

- A person (the “insider”) trading in shares while in possession of information that is not “generally available” to the market, but which if it became “generally available”, could reasonably be expected to materially affect the price of Vectus’ shares.
- A person communicating non-public, price-sensitive information to another person who is likely to trade in Vectus’ shares. An offence is committed even if the person to whom the information is provided is told not to trade in the shares until a public announcement is made, if it is thought likely that the person will disregard that instruction.

The Corporations Act provides that the information becomes “generally available” once it has been published and enough time has elapsed for it to be disseminated in the market.

The prohibition on insider trading and tipping applies not only to Vectus Directors and staff, but also to anyone outside Vectus who has non-public information that may affect the price of Vectus’ shares. In addition, it is possible that Vectus employees could be aware of non-public, price-sensitive information relating to other listed companies that, if shares in that company were purchased, could breach the insider trading restrictions (for example, a company with which Vectus is considering entering into a major contract).

### **Analyst and Institutional Briefings**

The ASIC Guidance Paper dealing with the selective disclosure of information to institutional investors and analysts addresses ASIC’s concern that ordinary shareholders have a perception that significant information is disclosed by listed companies to analysts and institutions such that they can profit by trading on that information at the expense of the ordinary shareholders. ASIC is concerned that this perception could cause ordinary shareholders to lose trust in the fairness of the market place. In this regard, ASIC notes that documents lodged with the ASX are often supplemented with more comprehensive background information provided to analysts and institutions at private briefings. To this end, ASIC suggests that:

- information disclosed to the ASX be added to the releasing company’s website (following ASX acknowledgement of receipt and release to the market); and
- non-material information and supplementary material made available to institutions and analysts be made available to shareholders and the wider investment community on the disclosing company’s website.

ASIC’s focus is on giving investors access to all significant information disclosed to analysts or institutions that is not already publicly available, regardless of whether it is considered price-sensitive. ASIC considers it is good practice to provide shareholders with access to all significant background information that is provided to analysts and institutions.

### **Information Disclosure Programme Procedures**

As will be apparent from the above, it is essential for Vectus’ disclosure system to ensure:

- that a breach of ASX Listing Rule 3.1 does not occur; and
- that information is made available to all investors equally.

## Appendix H

### BOARD CHARTER

#### Purpose

This Charter sets out a framework to assist the Board of Vectus Biosystems Limited (Vectus or the Company) to provide strategic guidance to the Company and effective oversight of its management, for the benefit of Shareholders and other stakeholders. The framework adopts principles of good corporate governance and is designed to maximise the Company's compliance with best practice requirements and its legal obligations, including under the Corporations Act 2001 (Cth) and the ASX Listing Rules.

#### Who Does this Board Charter Apply to?

The Company's Board of Directors has adopted this Board Charter, which applies to all members of the Board and executive officers / senior management of the Company.

#### Composition of the Board

The Board of the Company will be composed of a majority of Non-Executive Directors (including the office of Chairman) and at least one Executive Director, normally the CEO / Managing Director and such other Directors as determined from time-to-time by the Board. The members of the Board will have an appropriate and broad range of qualifications and expertise. For an overview of current members of the Board refer to the Vectus website at [www.vectusbiosystems.com.au](http://www.vectusbiosystems.com.au).

#### Assessing the Independence of Directors

The Board considers an Independent Director to be a Director who is:

- not a member of management at the Company; and
- free of any business, or other relationship or interest that could materially interfere with, or could reasonably be perceived to materially interfere with, the Director's ability to act in the best interests of the Company.

The Board will review the independence of each Director from time-to-time. In determining the independence of a Director, the Board will consider the effect of a Director's business, and other relationships and interests, from both the Company's and the Director's perspectives. In particular, the Board will have regard to whether the Director:

- is, or has been, employed in an executive capacity by the entity or any of its child entities and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- is, or has within the last three years been, a partner, director or senior employee of a provider of material professional services to the entity or any of its child entities;
- is, or has been within the last three years, in a material business relationship (e.g. as a supplier or customer) with the entity or any of its child entities, or an officer of, or otherwise associated with, someone with such a relationship;
- is a substantial security holder of the entity or an officer of, or otherwise associated with, a substantial security holder of the entity;
- has a material contractual relationship with the entity or its child entities other than as a director;
- has close family ties with any person who falls within any of the categories described above; or

- has been a Director of the entity for such a period that his or her independence may have been compromised.

## **The Board**

### Role of the Board

The role of the Board of the Company is to provide strategic guidance to the Company and provide effective oversight of its management for the benefit of all stakeholders. In performing its role the Board should act at all times:

- in accordance with its overriding responsibility to act honestly and fairly, and in accordance with the law, in serving the interests of the Company's Shareholders, as well as its employees, customers and the community;
- in a manner designed to create and build sustainable value in the Company for Shareholders;
- in accordance with the duties and obligations imposed upon it by the Constitution of the Company and by law; and
- with integrity and objectivity, and in accordance with the ethical and other standards set out in the Company's corporate governance policies, and codes of conduct and ethics.

The Board of the Company retains ultimate authority over the day-to-day management of the Company. However, day-to-day management of the Company's affairs and the implementation of its strategies are formally delegated by the Board to the Executive Director/s and senior executives.

### Responsibilities of the Board

The Board acts on behalf of Shareholders, and is accountable to the Shareholders for the overall strategy, governance and performance of the Company and its controlled entities (the Group). The responsibilities of the Board include the following:

- overseeing the business and affairs of the Group, including its control and accountability systems;
- appointing and removing the Executive Director/s;
- monitoring the performance of the Executive Director/s;
- ratifying the appointment and, where appropriate, the removal of the Executive Director/s and Company Secretary;
- ratifying other senior executive appointments, organisational changes and senior management remuneration policies and practices;
- approving succession plans for management;
- monitoring senior management's performance and implementation of strategy, and ensuring appropriate resources are available;
- reporting to Shareholders;
- providing strategic advice to management where appropriate;
- approving management's corporate strategies and performance objectives;
- determining and financing dividend payments;
- approving and monitoring the progress of major capital expenditure, capital management, acquisitions and divestitures;
- approving and monitoring financial and other reporting;
- reviewing and ratifying systems of risk management, internal compliance and control, and legal compliance to ensure appropriate compliance frameworks and controls are in place;
- reviewing and overseeing the implementation of the Company's corporate Code of Conduct and ethics;
- approving Charters of the Board's Committees;

- monitoring and ensuring compliance with legal and regulatory requirements, and ethical standards and policies; and
- monitoring and ensuring compliance with best practice corporate governance requirements.

Each Director of the Board may have direct access to any employee or contractor of the Company and seek any information the Director requires from any employee of the Company in order to perform his or her responsibilities, provided the Director first seeks approval from the following persons:

- the Executive Director/s and (if unsuccessful);
- the Chairman of the Board and (if unsuccessful);
- the Deputy Chairman or other members of the Board.

### **Board Committees**

The Board is assisted in the discharge of its responsibilities by a number of Board Committees that are responsible for particular aspects of the operation of the Company. These Committees act by examining relevant matters and making recommendations to the Board. The Board may establish additional Committees to assist it in carrying out its responsibilities. The Board may also delegate specified responsibilities to ad hoc committees from time-to-time. Formal Charters setting out the objectives, scope and administration of each Committee have been created. Directors must be satisfied that the members of the Board Committees are competent and reliable, and will exercise their delegated functions in accordance with Directors' duties. Membership and performance of Board Committees are assessed at least once every year by those Committees and the Board. The three key Board Committees are the:

- Audit and Risk Management Committee;
- Remuneration and Nomination Committee; and
- Corporate Governance Committee.

Separate Charters exist for each Board Committee and are available on the Company's website.

### **Board Performance Evaluation**

The Board will review the size, composition and performance of the Board continuously in order to confirm that its processes and procedures remain adequate, ensuring that it is carrying out its functions as effectively as possible.

### **Board Meetings**

The Board of the Company will meet regularly in accordance with an agreed schedule and special meetings are held as required. The quorum required for the transaction of business by the Board of the Company will be two Directors. Senior executives may be invited by the Chairman to attend Board meetings as required. The Chairman, in consultation with the Company Secretary, will settle the agendas for meetings of the Board. Any suggestions from Directors as to items that should be dealt with by the Board should be notified to the Chairman. The Board will meet at least once per year for a strategy session. Where possible, Board and Board Committee papers should be provided to Directors at least four business days prior to the relevant meeting.

### **Non-Executive Director Meetings**

The Non-Executive Directors of the Company may meet on occasion for discussion of appropriate issues.

## The Chairman

### Role of the Chairman

Under the Constitution of the Company, the Chairman is appointed by the Board. The Chairman should be an independent Director of the Board. The role of the Chairman is to ensure that the Board fulfils its roles. The responsibilities of the Chairman include:

- providing effective leadership to the Board;
- ensuring that the processes adopted by the Board are effective to set the strategic goals and objectives of the Company, and to monitor its performance;
- ensuring that the Board meets at regular intervals to consider the Company's performance and other key issues facing the Company, including in particular strategic issues;
- ensuring regular and active communication on key issues facing the Company between the Board and the Executive Director/s, ensuring that all members of the Board are properly informed on such issues;
- setting the agenda for Board meetings, including, if appropriate, in consultation with the Executive Director/s and other Directors;
- deciding, in consultation with other Directors, whether the Board requires additional advice or information from management or external advisors;
- approving the obtaining of independent legal or accounting advice for Directors where requested and in appropriate circumstances;
- ensuring, in conjunction with the Remuneration and Nomination Committee, that the Board comprises Directors with an appropriate blend of skills and experience to enable the Board to perform its functions; and
- reviewing, together with the Remuneration and Nomination Committee, the contribution made to the Company, through the Board, by individual Directors.

When a Deputy Chairman has been appointed and is acting in the place of the Chairman, the Deputy Chairman has the same role as the Chairman.

## Senior Executives

### Senior Executives and Management

The Board shall appoint the Executive Director/s to be responsible for the executive management of the Company and who are accountable to the Board for its day-to-day operations. The Executive Director/s is/are authorised by the Board to delegate such powers conferred by the Board as the Executive Director/s deem/s appropriate.

The Board delegates authority over the day-to-day management of the Company to the Executive Director/s. This delegation of authority includes the following responsibilities:

- developing and recommending to the Board strategic goals and objectives, business plans and annual budgets for the Company;
- implementing the strategic goals and objectives, and business plans adopted by the Board;
- providing effective leadership, direction and supervision of the Company's management to achieve the strategic goals and objectives, business plans and budgets adopted by the Board;
- developing and managing resources, policies and systems to ensure the effective operation of the Company (including policies on risk management, internal controls and human resources);
- managing the Company's resources within budgets approved by the Board;
- ensuring the Company complies with applicable laws and regulations;

- ensuring the Board has sufficient information to enable it to perform its functions of setting strategic goals and objectives for the Company, and monitoring the Company's performance; and
- acting within the delegations of authority approved by the Board.

## **Directors**

### Role of Individual Directors

The Company encourages Directors to question, request information, raise issues of concern, consider and canvas any issue facing the Company and cast their vote on any resolution in accordance with their own independent judgment. Outside the Boardroom, Directors should support the letter and spirit of Board decisions.

### Confidentiality

Directors must maintain the confidentiality of Board discussions, deliberations and decisions that have not been publicly disclosed by the Company. Confidential information that Directors receive in the course of the exercise of their directorial duties remains the property of the Company. It is improper for a Director to disclose confidential information, or allow it to be disclosed to any third party, unless such disclosure has been properly authorised, or is required by law or the rules of a stock exchange, such as the ASX.

### Legal Duties

In order to fulfil their legal and statutory requirements, Directors of the Company must:

- disclose to the Company Secretary all other public directorships they hold and any other directorship where a conflict of interest may occur;
- discharge their duties in good faith and act honestly in the best interests of the Company, and for a proper purpose;
- act with care and diligence, demonstrating commercial reasonableness, and with the level of skill and care expected of a Director of a listed public company;
- avoid conflicts of interest;
- act for the benefit of the Company at all times;
- not make improper use of information obtained in the course of acting as a Director of the Company;
- not take improper advantage of the position of being a Director;
- make reasonable enquiries to ensure that the Company is operating efficiently, effectively and legally towards achieving its goals;
- diligently analyse all proposals placed before the Board; and
- not purport to bind the Company unless expressly authorised to do so by the Board.

Directors decide which matters of the Company are delegated to management, and must ensure that the delegates are reliable and competent, and that adequate procedures are in place to oversee their exercise of the delegated powers.

### Conflicts of Interest

Under the Corporations Act, Directors are required to disclose any conflicts of interest and to refrain from participating in any deliberations or voting upon matters in which they have a material personal interest. In circumstances where a Director considers that they have a conflict of interest, the Director must:

- disclose to the Board any actual or potential conflicts of interest that may exist or might reasonably be perceived to exist, as soon as they arise;
- if deemed appropriate by the Board or the Director, take such steps as are necessary and reasonable to resolve any conflict of interest within a reasonable period of time; and

- comply with the provisions of the Corporations Act regarding the disclosure of interests and restrictions on voting.

### Overview of Senior Management

In addition to the regular presentations that senior management make at Board meetings, Directors may request briefings from senior management on specific issues through the Executive Director/s. Management is required to advise the Executive Director/s of all discussions with Directors relevant to the business of the Company.

### Remuneration and Retirement

The Board determines Directors' remuneration from time-to-time subject to the aggregate cap on Non-Executive Directors' remuneration set pursuant to rule 6.3 of the Constitution of the Company. The tenure of the Managing Director is linked with his / her executive office. All other Directors, including other Executive Directors, are subject to re-election each year by rotation (such that at each Annual General Meeting one-third of the Directors for the time being, or, if their number is not three nor a multiple of three, then the number nearest one-third and rounded down, and any other Director who has held office for three years or more since last being elected, must retire from office). The Directors to retire by rotation are those who have been in office for the longest period of time since the date of their last election. The Chairman may negotiate the retirement or resignation of individual Directors following consultation with the Board. Generally, the Board's policy on the tenure of Non-Executive Directors is that no Non-Executive Director should serve more than three consecutive terms of three years.

### **Indemnities and Insurance**

According to rule 12 of the Constitution of the Company, the Company may indemnify any current or former Director, Company Secretary or executive officer of the Company, or of a related body corporate out of the property of the Company against:

- every liability incurred by the person in that capacity (except a liability for legal costs); and
- all legal costs incurred in defending or resisting (or otherwise in connection with) proceedings, whether civil or criminal, or of an administrative or investigatory nature, in which the person becomes involved because of that capacity, except to the extent that:
  - the Company is forbidden by statute to indemnify the person against the liability or legal costs; or
  - an indemnity by the Company of the person against the liability or legal costs would, if given, be made void by statute.

According to rule 12 of the Constitution of the Company, the Company may pay or agree to pay, whether directly or through an interposed entity, a premium for a contract insuring a person who is or has been a Director, Company Secretary or executive officer of the Company, or of a related body corporate of the Company against liability incurred by the person in that capacity, including a liability for legal costs, unless:

- the Company is forbidden by statute to pay or agree to pay the premium; or
- the contract would, if the Company paid the premium, be made void by statute.

### **Company Secretary**

#### Authority

The Company Secretary has authority to countersign documents of the Company, provided that the Company Secretary is first satisfied that:

- the document has been properly authorised for signature; and
- the document has been signed by a Director of the Company.

Role

The Company Secretary is responsible for:

- organising Board meetings;
- preparing agendas and Board papers;
- organising Directors' attendances;
- providing a point of reference for all dealings between Board and management; and
- performing certain statutory obligations relating to the Company's registered office, annual returns and lodgement of documents with ASIC, and any of the stock exchanges on which the Company's shares and debt securities trade.

## Appendix I

### SHAREHOLDERS COMMUNICATIONS POLICY

Vectus Biosystems Limited (Vectus or the Company) is committed to best-practice corporate governance standards to ensure that it meets the interests of all stakeholders of the Company. The Company complies with the ASX Listing Rules, and supports the ASX Corporate Governance Principles and Recommendations, and the Code of Best Practice for Reporting by Biotechnology, Medical Device and other Life Science Companies.

#### 1. PURPOSE OF THIS DOCUMENT

This Policy sets out the standards, protocols and law relating to disclosure of Company information, and sets out the requirements expected from all Directors, senior management and employees for complying with the Company's policy on disclosure of price-sensitive information, and for communicating effectively with shareholders. The purpose of this Policy is to:

- a) ensure that the Company complies with the ASX Listing Rules;
- b) describe the processes implemented by the Company so to ensure compliance; and
- c) outline the Company's practices for effective communication with shareholders.

#### 2. APPLICATION OF THIS POLICY

The Company's Board of Directors has adopted this Policy, which applies to Directors, spokespersons, officers, senior management, employees, contractors and such other persons as the Board nominates. It is important to remember that the insider trading provisions set out in the Corporations Act 2001 (Cth) apply to all persons (including members of their families).

#### Further Advice

If you do not understand the summary of this Policy, or if you are unsure of how this Policy applies to you, please contact Vectus' Company Secretary or Executive Director/s.

#### 3. ASX LISTING RULES

This Policy has been adopted by the Board to help the Company comply with its ASX obligations. The Company's disclosure process ensures:

- a) that announcements are made in a timely manner to the ASX in the first instance;
- b) that all announcements are factual and accurate; and
- c) that all announcements are expressed clearly and in a consistent manner to keep the market fully informed so as to enable all investors to make fair and well-informed investment decisions.

When the ASX confirms receipt of an announcement, the information will be posted on the Company's website to make it accessible to the widest audience as soon as possible.

#### Disclosure Process

Ultimate responsibility for the disclosure of information rests with the Company's Board.

It is essential that this Policy and these procedures are closely followed by all Company staff members and officers.

The Executive Director/s and Company Secretary must be informed immediately of any information to be disclosed or that might require disclosure. If the Executive Director/s

determines that there may be a requirement to disclose, or if the Executive Director/s is/are in doubt about the need to disclose, the Executive Director/s will refer the matter to the Board. In the absence of the Executive Director/s, the Company Secretary or a Director shall act on the matter. The Company Secretary is responsible for releasing information to the ASX in the form of an announcement to the market. The disclosure process is not complete until the ASX confirms receipt of the announcement. The Company Secretary advises the appropriate staff members when this confirmation has been received and the information is clear for general release.

### **Company Spokespersons**

Company spokespersons are required to consider whether any information, transaction or event of which they are aware may be price-sensitive and must ensure that any potentially-price-sensitive information is not disclosed to anyone outside the Company before the ASX has been notified. The Company spokespersons should immediately advise the Executive Director/s and the Company Secretary of any matter that has, or could develop into, price-sensitive information, or should advise them if the ASX has not been told about price-sensitive information and it is discovered that outsiders already have the information.

### **Financial Affairs Spokesperson**

The following people are the only persons authorised to speak and comment on the financial affairs of the Company:

- The Chairman and Deputy Chairman;
- The Executive Director/s;
- The Chief Financial Officer (CFO); and
- The Company Secretary.

All communications on the financial situation of the Company will be in accordance with the ASX Listing Rules and the Company's Corporate Governance Compliance Manual. Wherever practicable, two spokespersons should be present in any conversation with, or presentation to, financial analysts, media or any other stakeholders.

### **Media Affairs Spokesperson**

The Chairman, Executive Director/s, CFO, Company Secretary and their authorised delegates are the only authorised persons to comment to the media, other than on financial affairs, as mentioned above. The spokespersons may only conduct discussions with members of the investment community, media or other stakeholders to:

- clarify information that the Company has released publicly through the ASX, but they must avoid commenting on other price-sensitive matters;
- provide visits to Company sites in order to promote improved knowledge of the Company and its operations; or
- provide basic industry or Company background information and other matters of public record.

Wherever practicable, two spokespersons should be present in any conversation with, or presentation to, financial analysts, media or any other stakeholders.

### **Analyst and Investor Briefings**

When appropriate, the Company will conduct analyst and investor briefings. These briefings will be carried out in accordance with the ASX Listing Rules and the Company's Corporate Governance Principles and Recommendations. All requests for investor and / or analyst

meetings, briefings or Company presentations are to be directed to the CFO or Company Secretary, or alternatively the investor relations representative. Where an investor or analyst makes direct contact with an employee they should immediately be referred to the CFO or Company Secretary. Investor and analyst briefings, presentations and meetings are organised with the Chairman, Deputy Chairman, Executive Director/s, CFO, Company Secretary and senior management where appropriate. The following guidelines apply to investor / analyst meetings:

- Wherever practicable, two spokespersons should be present in any conversation with, or presentation to, financial analysts, media or any other stakeholders.
- An investor relations representative should attend meetings where management meet with investors / analysts.
- The investor relations representative will maintain a record of all investor meetings in accordance with Company disclosure practices.

The relationship with investors / analysts and other stakeholders should be managed through the CFO, Company Secretary or investor relations representative. All briefing materials, such as presentations, will be announced to the ASX and made generally available on the Company's website.

### **Analyst Reports and Financial Projections**

The Company will not comment on conclusions or assumptions in analyst reports. However, if appropriate, the Company may comment if the estimate, assumption or forecast varies significantly from the Company's current data range or in order to correct factual errors that may lead to rumours and false market speculations. The Company recognises that analysts' reports are proprietary information belonging to the firm in question. The Company aims to publish analysts' reports on its website within one week of publication, with the author's authorisation. Vectus' website will contain a statement that the report was prepared by the analyst and that the Company does not endorse the report or its contents.

## **4. SHAREHOLDER COMMUNICATIONS AND INVESTOR RELATIONS**

### **General**

Shareholders and prospective shareholders are welcome to speak with the officers responsible for investor relations, and to view the Company's operations.

### **Rumours and Market Speculation**

The Company will not comment on market speculation or rumours unless:

- there are factual errors in the market speculation or rumour that could affect the Company;
- there is a move in the price of the Company's securities that might be linked to the market speculation or rumour; or
- the Company receives a formal request from the ASX or other regulator.

Any comments made by the Company in response to market speculation or rumours must be authorised by the Chairman, Deputy Chairman, Executive Director/s, CFO or Company Secretary and must be limited to correcting factual errors.

### **ASX Announcements and Media Releases**

ASX announcements and media releases are the Company's primary form of communicating information to the Company's stakeholders. All ASX announcements should have the Executive Director/s and Company Secretary's sign-off prior to release.

The delegated officer is responsible for drafting ASX announcements and media releases, and will also be responsible for co-ordinating input from senior management where appropriate. The Executive Director/s and Company Secretary will co-ordinate the sign-off from the appropriate senior management and members of the Board prior to release.

The Company Secretary is responsible for the lodgement of announcements to the ASX. The delegated officer, CFO and Company Secretary are responsible for co-ordinating distribution to the media, employees and other stakeholders, and subsequently posting the announcement to the Company's website.

### **Contact with the Media**

It is not acceptable for staff to engage with the media in any activity or comment that is designed to bring the Company into disregard or that is not in line with this Policy. "Media" refers to public speaking engagements, comments in the media, views in letters to the press, journals, websites or comments to market analysts / investors, where it might be expected that the publication or circulation of the comments will spread to a larger public. The following are the only persons authorised to speak and comment to the media on behalf of the Company:

- The Chairman and Deputy Chairman;
- The Executive Director/s;
- The CFO; and
- The Company Secretary.

In seeking such authorisation, personnel should list the key media points to be made, together with a summary description of the business advantage to the Company of supplying the information. Television cameras and crew, photographers, journalists or other media representatives are not permitted on any Company site without the approval of the Chairman, Deputy Chairman or Executive Director/s.

### **Improper use of Information or Position in the Company**

No employee, or former employee, may make improper use of information obtained by virtue of their position with Vectus to gain an advantage for themselves, or any other person, or to cause detriment to the Company. Breaches of sections 182 and 183 of the Corporations Act, dealing with improper use of information or position, are punishable by heavy fines and possibly imprisonment. The Company and others affected may also take action to restrain such breaches and / or recover damages for loss suffered.

It is in everyone's interest for price-sensitive information not to be discussed with non-Company people. If a person is in any doubt about whether information is price-sensitive or not, that person must always inform the Executive Director/s and the Company Secretary as soon as possible. If information has been, or may have been, inadvertently disclosed, no matter how it occurred or to whom, the Executive Director/s and the Company Secretary should be informed immediately. Once price-sensitive information ceases to be confidential, as when an outside party is informed, no matter how informally or unofficially this may be, the matter must be notified immediately to the Executive Director/s and Company Secretary.

Failure to comply with ASX Listing Rule 3.1 on continuous disclosure may cause the Company and affected personnel to be in breach of both insider trading laws and continuous disclosure laws. If the ASX is advised immediately, the damage done by any unlawful disclosure, together with the risk of legal action, and attendant penalties and damages, are minimised.

**Website and Corporation Information**

It is the Company's policy that corporate information is complete, timely and available on its website at [www.vectusbiosystems.com.au](http://www.vectusbiosystems.com.au). The corporate information, including reports and media releases, governance and shareholder information, and at least three years of financial data, is available on the Company's website.

**General Meetings**

The Company has adopted the ASX guidelines for the design and content of Notices of Meetings, and the conduct of shareholder meetings. The Company will use General Meetings to communicate with shareholders, in addition to the methods mentioned above.

**Closed Periods**

The Company adopts "closed periods", as set out in the Company's Securities Trading Policy (to be found in the Company's Corporate Governance Compliance Manual, a copy of which is on the Company's website). The Board may, at its discretion, determine the existence of closed periods. During closed periods, the Company will not normally allow one-on-one meetings between the Company's senior management and investment community representatives or the media.

**Trading Halts**

In order to maintain a fully-informed, fair and transparent market in respect of the Company's securities, the Company may request a trading halt from the ASX when:

- confidential information about the Company is inadvertently made public and further time is required to enable the Company to prepare an appropriate public announcement; or
- the Company is preparing to make a major announcement and is concerned about preventing speculative or insider trading.

**5. CONTACT**

If you have any questions or require further information concerning this Policy you may contact the Executive Director/s, CFO or Company Secretary.

**6. PUBLICATION OF THIS POLICY**

Upon its approval by the Board, this Policy will be published in the Company's Corporate Governance Compliance Manual on the Vectus website and in all induction materials provided to Company employees, contractors and consultants.

**7. REVIEW OF THIS POLICY**

The Board of Directors will review this Policy annually to assess its effectiveness and the applicable internal processes.