

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
Principle 1: Lay solid foundations for management and oversight		
<p>Recommendation 1.1</p> <p>A listed entity should disclose:</p> <p>(a) the respective roles and responsibilities of its board and management; and</p> <p>(b) those matters expressly reserved to the board and those delegated to management.</p>	YES	<p>The Company has adopted a Board Charter.</p> <p>The Board Charter sets out the specific responsibilities of the Board, the requirements as to the Board's composition, the roles and responsibilities of the Chairman, Company Secretary and management, the establishment, operation and management of Board Committees, Directors' access to Company records and information, details of the Board's relationship with management, details of the Board's performance review and details of the Board's disclosure policy.</p> <p>A copy of the Company's Board Charter is contained in its Corporate Governance Plan which is available on the Company's website.</p>
<p>Recommendation 1.2</p> <p>A listed entity should:</p> <p>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</p> <p>(b) provide security holders with all material information relevant to a decision on whether or not to elect or re-elect a director.</p>	YES	<p>(a) The Company's Corporate Governance Plan requires the Board to undertake appropriate checks as to the character, experience, education, criminal record and bankruptcy history of the candidate before appointing a person or putting forward to security holders a candidate for election, as a Director.</p> <p>(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 any notice of meeting pursuant to which the resolution to elect or re-elect such Director will be voted on.</p>
<p>Recommendation 1.3</p> <p>A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>	YES	<p>The Company's Corporate Governance Plan requires the Board to ensure that each Director and senior executive is a party to a written agreement with the Company which sets out the terms of that Director's or senior executive's appointment.</p> <p>The respective engagement terms of each director and senior executive are summarised in written agreements.</p>
<p>Recommendation 1.4</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 Board Charter outlines the role, responsibility and accountability of the Company Secretary. The Company Secretary is accountable directly to the Board, through the Chair, on all matters relating to the proper functioning of the Board.</p>
<p>Recommendation 1.5</p>	PARTIALLY	<p>(a) The Company has adopted a Diversity Policy which provides a framework for the</p>



<p>A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board:</p> <p>(i) to set measurable objectives for achieving gender diversity; and</p> <p>(ii) to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period:</p> <p>(i) the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them; and</p> <p>(ii) either:</p> <p>(A) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(B) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in the Workplace Gender Equality Act 2012.</p>		<p>Company to establish and achieve measurable diversity objectives, including in respect of gender diversity. The Diversity Policy allows the Board to set measurable gender diversity objectives, if considered appropriate, and to assess annually both the objectives if any have been set and the Company's progress in achieving them.</p> <p>(b) The Diversity Policy is available, as part of the Corporate Governance Plan, on the Company's website.</p> <p>(c) The Board does not presently intend to set measurable gender diversity objectives because:</p> <ul style="list-style-type: none"> - it is the Board's view that the existing Directors and senior executives have sufficient skill and experience to carry out the Company's plans; - if it becomes necessary to appoint any new Directors or senior executives, the Board considered the application of a measurable gender diversity objective requiring a specified proportion of women on the Board and in senior executive roles will, given the small size of the Company and the Board, unduly limit the Company from applying the Diversity Policy as a whole and the Company's policy of appointing based on skills and merit; and - the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes) for each financial year is disclosed in the Company's Annual Report. <p>The Company notes that it currently has a woman CEO, Company Secretary as well as a female representative on the Scientific Advisory Committee.</p>
<p>Recommendation 1.6</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>YES</p>	<p>(a) The Board (in the absence of a Nominations Committee) is responsible for evaluating the performance of the Board and individual Directors on an annual basis, with the aid of an independent advisor, if deemed required. The process for this can be</p>

<p>(b) disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>		<p>found in Schedule 5 of the Company's Corporate Governance Plan.</p> <p>(b) The Company's Corporate Governance Plan requires the Board to disclose whether or not performance evaluations were conducted during the relevant reporting period. No formal performance evaluations for the Board or its Directors were undertaken during the reporting period. As the Company develops and reaches a sufficient size to justify this, it is the intention that all Directors will receive annual individual performance evaluations in accordance with the Board Charter and Performance Evaluation Policy</p>
<p>Recommendation 1.7 A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>YES</p>	<p>(a) The Board is responsible for overseeing performance evaluations of senior executives on an annual basis. The process for this can be found in Schedule 4 of the Company's Corporate Governance Plan.</p> <p>(b) The Company's Corporate Governance Plan requires disclosure as to whether or not performance evaluations were conducted during the relevant reporting period. No formal performance evaluations for the Senior Executives were undertaken during the reporting period. As the Company develops and reaches a sufficient size to justify this, it is the intention that all Senior executives will receive annual individual performance evaluations in accordance with the Board Charter and Performance Evaluation Policy.</p>
<p>Recommendation 2.1 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</p>	<p>YES</p>	<p>Due to the size and nature of the existing Board and the magnitude of the Company's operations, the Company does not currently have a Nomination Committee. Pursuant to clause 1(a) of the Company's Board Charter, the full Board carries out the duties that would ordinarily be assigned to the Nomination Committee under the written terms of reference for that committee. The duties of the Nomination Committee are outlined in the Nomination Committee Charter contained in the Company's Corporate Governance Plan which is available on the Company's website.</p>



<p>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, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively.</p>		<p>The Board oversees the appointment and induction process for directors and the selection, appointment and succession planning process of the Company's Managing Director, where relevant. When a vacancy exists or there is a need for a particular skill, the Board, determines the selection criteria that will be applied. The Board will then identify suitable candidates, with assistance from an external consultant if required, and will interview and assess the selected candidates. Directors are initially appointed by the Board and must stand for re-election at the Company's next Annual General Meeting of shareholders. Directors must then retire from office and nominate for re-election at least once every three years with the exception of the CEO.</p>
<p>Recommendation 2.2</p> <p>A listed entity should have and disclose a board skill matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	<p>PARTIALLY</p>	<p>Under the Nomination Committee Charter (in the Company's Corporate Governance Plan), the Nomination Committee (or, in its absence, or if one has not yet been established, the Board) is required to prepare a Board skill matrix setting out the mix of skills and diversity that the Board currently has (or is looking to achieve) and to review this at least annually against the Company's Board skills matrix to ensure the appropriate mix of skills and expertise is present to facilitate successful strategic direction.</p> <p>Given the current size and stage of development of the Company, the Board has not yet developed a specific skill matrix.</p> <p>The composition of the Board is reviewed regularly to ensure the appropriate mix of skills and expertise is present to facilitate successful strategic direction. This role will be performed by the full Board (in the absence of a Nomination Committee). Once adopted, the Company will disclose the Board skill matrix in, or in conjunction with, its Annual Reports.</p>
<p>Recommendation 2.3</p> <p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 of the</p>	<p>YES</p>	<p>(a) The Board Charter provides for the disclosure of the names of Directors considered by the Board to be independent.</p> <p>The current independent Directors of the Company are James Ellingford (Non-Executive Director)</p>

<p>ASX Corporate Governance Principles and Recommendation (3rd Edition), but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director</p>		<p>Miri Halperin Wernli, Managing Director, is not considered to be independent due to her executive role as Managing Director of the Company.</p> <p>Boaz Wachtel, Chairman, is a non-executive Director, however is not considered to be independent due to his substantial shareholding (>5%) in the Company.</p> <p>Adam Blumenthal, non-executive director, is not considered to be independent due to his interest in Everblu Capital Pty Ltd, who is the Company's Lead Manager and Corporate Advisor.</p> <p>(b) The Board Charter requires Directors to disclose their interest, positions, associations and relationships and requires that the independence of Directors is regularly assessed by the Board in light of the interests disclosed by Directors. Details of the Directors interests, positions, associations and relationships are provided in the Annual Report.</p> <p>(c) The Board Charter requires the disclosure of the length of service of each Director. The Directors in office at the date of the 31 December 2017 Annual Report have served continuously since their respective dates of appointment which are as follows:</p> <ul style="list-style-type: none"> - Boaz Wachtel: appointed 20 November 2015; - Miri Halperin Wernli: appointed 20 November 2015; - Adam Blumenthal: appointed 20 November 2015; and - James Ellingford: appointed 20 November 2015;
<p>Recommendation 2.4</p> <p>A majority of the board of a listed entity should be independent directors.</p>	<p>NO</p>	<p>The Board Charter requires that where practical the majority of the Board will be independent.</p> <p>As at the date of the 31 December 2017 Annual Report, the following one of the Company's four directors are considered to be independent:</p> <ul style="list-style-type: none"> - James Ellingford (Non-Executive Director); <p>Miri Halperin Wernli, Managing Director, is not considered to be independent due to her executive role as Managing Director of the Company.</p>



		<p>Boaz Wachtel, Chairman, is not considered to be independent due to his substantial shareholding (>5%) in the Company.</p> <p>Adam Blumenthal, non-executive director, is not considered to be independent due to his interest in Everblu Capital Pty Ltd, who is the Company's Lead Manager and Corporate Advisor.</p>
<p>Recommendation 2.5</p> <p>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 Charter provides that where practical, the Chairman of the Board will be a non-executive director. The Chairman, Boaz Wachtel is a non-executive director, however, due to Mr Wachtel's substantial shareholding in the Company, he is not considered independent.</p> <p>The role of the Chairman and the role of the Managing Director are undertaken by different people.</p>
<p>Recommendation 2.6</p> <p>A listed entity should have a program for inducting new directors and providing appropriate professional development opportunities for continuing directors to develop and maintain the skills and knowledge needed to perform their role as a director effectively.</p>	YES	<p>In accordance with the Company's Board Charter, the Nominations Committee (or, in its absence, or if one has not yet been established, the Board) is responsible for the approval and review of induction and continuing professional development programs and procedures for Directors to ensure that they can effectively discharge their responsibilities. The Company Secretary is responsible for facilitating inductions and professional development.</p>
<p>Recommendation 3.1</p> <p>A listed entity should:</p> <p>(a) have a code of conduct for its directors, senior executives and employees; and</p> <p>(b) disclose that code or a summary of it.</p>	YES	<p>(a) The Corporate Code of Conduct applies to the Company's Directors, senior executives and employees.</p> <p>(b) The Company's Corporate Code of Conduct is contained in its Corporate Governance Plan which is available on the Company's website.</p>

<p>Recommendation 4.1</p> <p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <ul style="list-style-type: none"> (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, <p>and disclose:</p> <ul style="list-style-type: none"> (iii) the charter of the committee; (iv) the relevant qualifications and experience of the members of the committee; and (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>(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 financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>PARTIALLY</p>	<p>(a) The Company has an Audit Committee comprised of James Ellingford, who is an independent director, and Boaz Wachtel. Due to the size and nature of the existing Board and the magnitude of the Company's operations, the Company's Audit Committee comprises of two directors only. The Audit Committee is chaired by James Ellingford, who is an independent director.</p> <p>The role and responsibilities of the Audit Committee are contained in the Company's Corporate Governance Plan which is available on the Company's website.</p> <p>The relevant qualifications and experience of James Ellingford and Boaz Wachtel are disclosed in the Company's Annual Report. Information regarding the number of times the Audit Committee met throughout the period and the individual attendances of the members at those meetings is disclosed in the Annual Report.</p>
<p>Recommendation 4.2</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 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>YES</p>	<p>The Company's Corporate Governance Plan states that a duty and responsibility of the Board is to ensure that before the Board approves the entity's financial statements for a financial period, the CEO/MD and CFO 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>Recommendation 4.3</p> <p>A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>	<p>YES</p>	<p>The Company's Corporate Governance Plan provides that the Board must ensure the Company's external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>

<p>Recommendation 5.1</p> <p>A listed entity should:</p> <p>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>YES</p>	<p>(a) The Company has adopted a Continuous Disclosure Policy which is set out within the Company's Corporate Governance Plan and details the Company's disclosure requirements as required by the ASX Listing Rules and other relevant legislation.</p> <p>(b) The Corporate Governance Plan is available on the Company's website.</p>
<p>Recommendation 6.1</p> <p>A listed entity should provide information about itself and its governance to investors via its website.</p>	<p>YES</p>	<p>In line with adherence to the continuous disclosure requirements of the ASX all shareholders are kept informed of major developments affecting the Company. This disclosure is through regular shareholder communications including the Annual Report, Half Yearly Report, Quarterly Reports, the Company website and the distributions of specific releases covering major transactions and events or other price sensitive information.</p> <p>Information about the Company and its governance is available in the Corporate Governance Plan which is available on the Company's website www.cresopharma.com</p>
<p>Recommendation 6.2</p> <p>A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.</p>	<p>YES</p>	<p>The Company has adopted a Shareholder Communications Strategy 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 Strategy is contained in the Company's Corporate Governance Plan which is available on the Company's website.</p>
<p>Recommendation 6.3</p> <p>A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.</p>	<p>YES</p>	<p>As per the Company's Shareholder Communications Strategy, Shareholders will be encouraged to participate at all EGMs and AGMs of the Company. Upon the despatch of any notice of meeting to Shareholders, the Company Secretary shall send out material with that notice of meeting stating that all Shareholders are encouraged to participate at the meeting.</p>
<p>Recommendation 6.4</p> <p>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>	<p>YES</p>	<p>The Shareholder Communication Strategy provides that security holders can register with the Company to receive email notifications when an announcement is made by the Company to the ASX, including the release of the Annual Report, half yearly reports and quarterly reports. Links are</p>

		<p>made available to the Company's website on which all information provided to the ASX is immediately posted.</p> <p>Shareholders queries should be referred to the Company Secretary at first instance.</p>
<p>Recommendation 7.1</p> <p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <ul style="list-style-type: none"> (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: <ul style="list-style-type: none"> (iii) the charter of the committee; (iv) the members of the committee; and (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>(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.</p>	<p>YES</p>	<p>(a) Due to the size and nature of the existing Board and the magnitude of the Company's operations, the Company currently does not have a Risk Committee.</p> <p>Pursuant to clause 4(h) of the Company's Board Charter, the full Board currently carries out the duties that would ordinarily be assigned to the Risk Committee under the written terms of reference for that committee.</p> <p>The role and responsibilities of the Risk Committee are outlined in the Audit and Risk Committee Charter contained in the Company's Corporate Governance Plan which is available on the Company's website.</p> <p>(b) The Board devotes time annually to fulfilling the roles and responsibilities associated with overseeing risk and maintaining the entity's risk management framework and associated internal compliance and control procedures.</p>
<p>Recommendation 7.2</p> <p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework with management at least annually to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material business risks the entity faces and to ensure that they remain within the risk appetite set by the board; and</p> <p>(b) disclose in relation to each reporting period, whether such a review has taken place.</p>	<p>YES</p>	<p>(a) The Company's process for risk management and internal compliance includes a requirement on the Board to identify and measure risk, monitor the environment for emerging factors and trends that affect these risks, formulate risk management strategies and monitor the performance of risk management systems. The Company has adopted a Risk Management Policy which is contained within the Company's Corporate Governance Plan and details the Company's disclosure requirements with respect to the risk management review procedure and internal compliance and controls.</p> <p>(b) A formal risk framework review has not taken place during the financial year 31 December 2017.</p>

<p>Recommendation 7.3</p> <p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	<p>YES</p>	<p>Due to the size and nature of the existing Board and the magnitude of the Company's operations, the Company does not currently have an internal audit function. As set out in section 7.1, the Board is responsible for overseeing the establishment and implementation of effective risk management and internal control systems to manage the Company's material business risks and for reviewing and monitoring the Company's application of those systems.</p> <p>The Audit and Risk Committee Charter of the Company's Corporate Governance Plan provides for a future internal audit function of the Company. The Charter outlines the monitoring, review and assessment of a range of internal audit functions and procedures.</p>
<p>Recommendation 7.4</p> <p>A listed entity should disclose whether, and if so how, it has regard to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	<p>YES</p>	<p>The Company's Risk Management Policy details the Company's risk management systems which assist in identifying and managing potential or apparent business, economic, environmental and social sustainability risks (if appropriate). It is the intention for future financial years that a review of the Company's risk management framework will be conducted at least annually and reports are generated as necessary by management on the efficiency and effectiveness of the Company's risk management framework and associated internal compliance and control procedures.</p> <p>To the extent the Company is exposed to economic, environmental and social sustainability risks, the Company has disclosed such risks in its annual report.</p>
<p>Recommendation 8.1</p> <p>The board of a listed entity should:</p> <p>(a) have a remuneration 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>PARTIALLY</p>	<p>(a) The Company has a Remuneration Committee comprised of non-executive director James Ellingford, who is an independent director, and non-executive director Adam Blumenthal. Due to the size and nature of the existing Board and the magnitude of the Company's operations the Company's Remuneration Committee comprises of two directors only. The Remuneration Committee is chaired by James Ellingford, who is an independent director.</p> <p>The role and responsibilities of the Remuneration Committee are outlined in the Remuneration Committee Charter which is contained within the Company's Corporate Governance Plan which is</p>



<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>		<p>available on the Company's website. The relevant qualifications and experience of James Ellingford and Adam Blumenthal are disclosed in the Company's Annual Report. Information regarding the number of times the Remuneration Committee met throughout the period and the individual attendances of the members at those meetings is disclosed in the Annual Report.</p>
<p>Recommendation 8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives and ensure that the different roles and responsibilities of non-executive directors compared to executive directors and other senior executives are reflected in the level and composition of their remuneration.</p>	<p>YES</p>	<p>The Company's Corporate Governance Plan requires the Board to disclose its policies and practices regarding the remuneration of Directors and senior executives, which are disclosed in its Annual Report.</p>
<p>Recommendation 8.3 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>	<p>YES</p>	<p>(a) The Company's Remuneration Committee Charter states that, the Remuneration Committee, (or in the absence of one, the Board) is required to review, manage and disclose the policy (if any) 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. The Remuneration Committee Charter also states that the Remuneration Committee must review and approve any equity-based plans.</p> <p>(b) A copy of the Remuneration Committee Charter is contained in the Company's Corporate Governance Plan which is available on the Company's website.</p>