

## Appendix 4G

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

Name of entity:

Resonance Health Limited

ABN / ARBN:

96 006 762 492

Financial year ended:

30 June 2019

Our corporate governance statement<sup>2</sup> for the above period above can be found at:<sup>3</sup>

- These pages of our annual report:
- This URL on our website: <http://www.resonancehealth.com/investors/business-overview.html>

The Corporate Governance Statement is accurate and up to date as at 22<sup>nd</sup> October 2019 and was approved by the Board on that date.

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

Date: 22<sup>nd</sup> October 2019

Name of Director or Secretary authorising lodgement: Agha Shahzad – Company Secretary

<sup>1</sup> Under Listing Rule 4.7.3, an entity must lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of rule 4.10.3.

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

<sup>3</sup> Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity’s corporate governance statement can be found. You can, if you wish, delete the option which is not applicable. Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes “OR” at the end of the selection and you delete the other options, you can also, if you wish, delete the “OR” at the end of the selection.

## ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
<b>PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b>			
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement ... and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management): <input checked="" type="checkbox"/> see the Company's Board Charter at: <a href="http://www.resonancehealth.com/investors/business-overview.html">http://www.resonancehealth.com/investors/business-overview.html</a>	
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement	
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement	
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement	

<sup>4</sup> If you have followed all of the Council's recommendations in full for the whole of the period above, you can, if you wish, delete this column from the form and re-format it.

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
1.5	<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 to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>		<input checked="" type="checkbox"/> we have disclosed that the Board does not have a Diversity policy in our Corporate Governance Statement.
1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement	
		<p>... and the information referred to in paragraph (b):</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement	
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement	
		<p>... and the information referred to in paragraph (b):</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement	

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>	
<b>PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE</b>			
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a nomination committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="https://www.resonancehealth.com/investors/business-overview">https://www.resonancehealth.com/investors/business-overview</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement and Directors' Report.</p>	
2.2	<p>A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	<p>... our board skills matrix:</p> <p><input checked="" type="checkbox"/> a description of the skills and experience of each director and their period of office is disclosed in the Directors' Report.</p>	
2.3	<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 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>... the names of the directors considered by the board to be independent directors:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement and the length of service of each director:</p> <p><input checked="" type="checkbox"/> in the Directors Report.</p>	

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
2.4	A majority of the board of a listed entity should be independent directors.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement.	
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement.	
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement.	
<b>PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY</b>			
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	... our code of conduct or a summary of it: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input checked="" type="checkbox"/> at <a href="https://www.resonancehealth.com/investors/business-overview">https://www.resonancehealth.com/investors/business-overview</a> .	

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>	
<b>PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING</b>			
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>Resonance Health has an audit committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement principle 7 ... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="https://www.resonancehealth.com/investors/business-overview">https://www.resonancehealth.com/investors/business-overview</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement.</p>	
4.2	<p>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement.</p>	
4.3	<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>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement.</p>	

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
<b>PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE</b>			
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	... our continuous disclosure compliance policy or a summary of it: <input checked="" type="checkbox"/> in our Corporate Governance Statement. <input checked="" type="checkbox"/> at <a href="https://www.resonancehealth.com/investors/business-overview">https://www.resonancehealth.com/investors/business-overview</a>	
<b>PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS</b>			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	... information about us and our governance on our website: <input checked="" type="checkbox"/> at <a href="https://www.resonancehealth.com/investors/business-overview">https://www.resonancehealth.com/investors/business-overview</a>	
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement.	
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	... our policies and processes for facilitating and encouraging participation at meetings of security holders: <input checked="" type="checkbox"/> in our Corporate Governance Statement.	
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement.	

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>	
<b>PRINCIPLE 7 – RECOGNISE AND MANAGE RISK</b>			
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement.</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="https://www.resonancehealth.com/investors/business-overview">https://www.resonancehealth.com/investors/business-overview</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement.</p>	
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>... the fact that board or a committee of the board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and that such a review has taken place in the reporting period covered by this Appendix 4G:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement.</p>	
7.3	<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>... the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement.</p>



Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	<p>... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement.</p>	

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>	
<b>PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY</b>			
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</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>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a remuneration committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="https://www.resonancehealth.com/investors/business-overview">https://www.resonancehealth.com/investors/business-overview</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement.</p>	
8.2	<p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	<p>... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement.</p>	
8.3	<p>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><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement.</p>

## 2019 CORPORATE GOVERNANCE STATEMENT

Resonance Health Limited is committed to protecting and enhancing shareholder value and adopting best practice governance policies and practices. This Corporate Governance Statement outlines the main Corporate Governance practices that were in place throughout the financial year, which comply with the Australian Securities Exchange ('ASX') Corporate Governance Council published guidelines as well as its corporate governance principles and recommendations unless otherwise stated. Where a recommendation has not been followed, this is stated along with an explanation for the departure.

### Principle 1

#### Lay solid foundations for management and oversight

The Board of Resonance Health Limited ("Resonance Health" or "Company") is the governing body of the Company. The Board and the Company act within a statutory framework – principally the Corporations Act and also the Company's Constitution. Subject to this statutory framework, the Board has the authority and the responsibility to perform the functions, determine the policies and control the affairs of Resonance Health.

The Board must ensure that the Company acts in accordance with prudent commercial principles consistent with the objective of maximising the Company's long term value.

The Company has established the functions reserved to the Board in the Board Charter. The Board Charter summarises the role, responsibilities, policies and processes of the Board and comments on the Board's approach to corporate governance.

The primary responsibilities of the Board include:

- Charting the direction, strategies and financial objectives of the Company and ensuring appropriate resources are available;
- Monitoring the implementation of those policies and strategies and the achievement of those financial objectives;
- Monitoring compliance with control and accountability systems, regulatory requirements and ethical standards;
- Ensuring the preparation of accurate financial reports and statements;
- Reporting to shareholders and the investment community on the performance and state of the Company;
- Appointing and monitoring the performance of senior executives; and
- Establishing proper succession plans for management of the Company.

The Company has established the functions delegated to senior executives. The Board Charter summarises the role and responsibilities of the Chief Executive Officer ("CEO") and the Company Secretary.

The Board delegates responsibility for the day to day management of the Company to the CEO. However, the CEO must consult the Board on matters that are sensitive, extraordinary or of a strategic nature. The Company Secretary supports the effectiveness of the Board. The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.

Separate functions of the Board and management existed and were practised throughout the year.

The performance of senior executives is measured against criteria agreed annually with each person and is based predominantly on the achievement of agreed milestones. A management review was undertaken during reporting period.

## **2019 CORPORATE GOVERNANCE STATEMENT**

### **Principle 1**

#### **Lay solid foundations for management and oversight (continued)**

Details of matters reserved to the Board and delegated to management are outlined in the Board Charter. A copy of the Board Charter is publically available on the Company's website.

The Company undertakes appropriate checks before appointing a person or putting forward to security holders a candidate for election as a Director; and provides security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a Director.

The Company undertakes a periodical review evaluating the Board members. A questionnaire is distributed and the Directors and Company Secretary provide a written response. The responses are reviewed and discussed at a Board meeting. The Board review was completed during the reporting period.

The Company provides each Director and senior executive a written agreement setting out the terms of their appointment.

#### **Diversity Policy**

The Board currently does not have a Diversity Policy. Gender Diversity is demonstrated within the Company as follows: 43% of employees are women and 50% of Management/Executive roles are filled by women. The Board currently has no measurable objectives on achieving greater gender diversity within the Company. The Company's CEO is a female.

The Board complied with the ASX Corporate Governance Council Principle 1 at all times during the year except as noted above.

## 2019 CORPORATE GOVERNANCE STATEMENT

### Principle 2

#### Structure the Board to add value

The composition of the Board has been determined on the basis of providing the Company with the benefit of a broad range of technical, commercial, scientific, financial, and legal skills, combined with an appropriate level of experience at a senior corporate level. Details of each Director's skills and experience are set out in the Directors' report.

The ASX guidelines recommend that a listed Company should have a majority of Directors who are independent (Principle 2 Recommendation 2.4). The Board did have a majority of independent Directors for the reporting period.

A Director is considered independent when the Director does not have any relationship with the Company that would be considered to affect the independent status as outlined in the ASX Corporate Governance Council Principle 2 Recommendation 2.4.

In the context of director independence, 'materiality' is considered from both the Company and individual director perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. An item is presumed to be quantitatively immaterial if it is equal or less than 5% of the appropriate base amount. It is presumed to be material (unless there is evidence to the contrary) if it is equal or greater than 10% of the appropriate base amount. Qualitative factors considered include whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it and other factors which point at the actual ability in question to shape the direction of the Company's loyalty.

Directors during the financial year were:

- Dr Martin Blake – Independent – Chairman
- Mr Simon Panton – Not independent – substantial shareholder
- Mr Travis Baroni – Independent – Non-executive Directors
- Mr Mitchell Wells – Independent – Non-executive Director

A description of the skills and experience of each director and their period of office is disclosed in the Directors' Report. The ASX Corporate Governance Council Principle 2 Recommendation 2.5 recommends that the Chairman should be an independent Director. The role of Chairman was performed by an independent Director at all times during the financial year. The ASX Corporate Governance Council Principle 2 Recommendation 2.5 recommends that the roles of Chairman and Managing Director be exercised by different individuals. The Company complied with this recommendation at all times during the financial year.

The roles of Chairman and Managing Director and/or CEO are exercised by different individuals, providing for clear division of responsibility. Their roles and responsibilities, and the division of responsibilities between them, are clearly understood and there is regular communication between them.

Directors are subject to re-election by rotation at annual general meetings as stipulated in the Corporations Act and the Company's Constitution. There is no maximum term for Non-executive Director appointments. Newly elected Directors must seek re-election at the first general meeting of shareholders following their appointment.

The remuneration of the Directors is determined by the Nomination and Remuneration Committee. Further information and the components of remuneration for Directors are set out in the Directors' Report.

ASX Corporate Governance Council Principle 2.1 recommends that the Nomination Committee should consist of a majority of Independent Directors, be chaired by an independent Director and have at least three members.

The members of the Nomination and Remuneration Committee during the financial year were:

- Dr Martin Blake – (Chairman) – Independent
- Mr Simon Panton – Not Independent
- Mr Travis Baroni – Independent
- Mr Mitchell Wells – Independent

Nomination and Remuneration Committee consists of four Non-executive Directors.

The number of meetings attended by each member of the Nomination and Remuneration Committee are detailed in the Directors' Report. The Company discloses its Nomination and Remuneration Committee Charter on the Company's website.

## 2019 CORPORATE GOVERNANCE STATEMENT

### Principle 2 (continued)

The Company has a procedure in place for Directors to take independent professional advice at the expense of the Company.

Prior to the appointment of a new Director, the Nomination and Remuneration Committee assesses the skills represented on the Board by the Non-executive Directors and determines whether those skills meet the skills identified as required. The Committee will then implement a process to identify suitable candidates for appointment. Induction procedures are in place to ensure new Directors are able to participate fully and actively in Board decision-making at the earliest opportunity. Directors are encouraged to engage in continuing education and are encouraged to update and enhance their skills and knowledge. Directors meet regularly to discuss the performance of the Company and to attend to regulatory requirements. The Company Secretary distributes information before each Board meeting to enable Directors to discharge their duties effectively.

The Company's Constitution requires a Director of the Company to not hold office without re-election past the third annual general meeting following the director's appointment or three years, whichever is longer.

The Board complied with the ASX Corporate Governance Council Principle 2 at all times during the year.

### Principle 3

#### Promote ethical and responsible decision-making

The Board places great emphasis on ethics and integrity in all its business dealings.

In regards to Principle 3.1 the Board considers the business practices and ethics exercised by individual Board members and key executives to be of the highest standards.

The Company has a Code of Conduct as to the: [where is the code of conduct?]

- practices necessary to maintain confidence in the Company's integrity;
- practices necessary to take into account their legal obligations and the expectations of shareholders; and
- responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

These practices are outlined in the Company's Board Charter, Communication Policy, Continuous Disclosure Charter, Share Trading Policy, Audit and Risk Charter and Nomination and Remuneration Charter. These documents are disclosed on the Company's website.

#### Trading in the Company's shares

The Company's Trading Policy restricts Directors and employees from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the securities' prices. Statutory provisions of the Corporations Act dealing with insider trading have been complied with.

The Company's Securities Trading Policy is disclosed on the Company's website.

The Board complied with the ASX Corporate Governance Council Principle 3 Recommendations at all times during the year.

## 2019 CORPORATE GOVERNANCE STATEMENT

### Principle 4

#### Safeguard integrity in financial reporting

The Board has established an Audit and Risk Committee that operates in accordance with the Company's Audit and Risk Charter. It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, including the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information. The Board has delegated responsibility for the establishment and framework of internal controls and ethical standards for the management of the consolidated entity to the Audit and Risk Committee.

The Committee also provides the Board with additional assurance regarding the reliability of financial information for inclusion in the financial reports. All members of the Audit and Risk Committee are non-executive Directors.

ASX Corporate Governance Council Principle 4.1 recommends that the Audit Committee should consist only of Non-executive Directors with a majority of independent Directors, be Chaired by an independent Director who is not Chair of the Board and have at least three members.

The members of the Audit and Risk Committee during the financial year were:

- Mr Travis Baroni (Chairman) – Independent
- Dr Martin Blake - Independent
- Mr Simon Panton – Not independent
- Mr Mitchell Wells – Independent

The qualifications of each member of the Audit and Risk Committee and the number of meetings attended are detailed in the Directors' Report.

The Audit and Risk Committee generally invites the CEO, Company Secretary, and external auditors to attend meetings.

The Company discloses its Audit and Risk Committee Charter on the Company's website.

The Company's external auditors have a policy for the rotation of audit engagement partners. A new Audit Partner was assigned to the Company with effect for the 2014 financial year in line with this policy.[any update on this, must be close to rotation?]

With effect from 2 February 2017 the Chair of the Audit and Risk Committee is not the Chair of the Board. The Company has complied with the ASX Corporate Governance Council Principle 4.1 Recommendation.

In accordance with Recommendation 4.2 the Chief Financial Officer and Chief Executive Officer provide written statements at each reporting period regarding the integrity of the financial statements and the Company's risk management and internal compliance and control systems.

Pursuant to Recommendation 4.3, the Company's external auditor is invited to attend the annual general meeting and questions from shareholders regarding the conduct of the audit and the preparation and content of the auditor's report are welcomed.

### Principle 5

#### Make timely and balanced disclosure

The Company complies with all disclosure requirements to ensure that Resonance Health manages the disclosure of price sensitive information effectively and in accordance with the requirements as set out by regulatory bodies. The CEO and Company Secretary are authorised to communicate with shareholders and the market in relation to Board approved disclosures.

The Company has a written policy designed to ensure compliance with ASX Listing Rule disclosures and accountability at a senior executive level for that compliance. The details of this policy are outlined in the Company's Continuous Disclosure Policy which can be accessed through the Company's website.

All announcements made to the ASX are placed on the Company's website immediately after public release.

The Board complied with the ASX Corporate Governance Council Principle 5 Recommendations at all times during the year.

## **2019 CORPORATE GOVERNANCE STATEMENT**

### **Principle 6**

#### **Respect the rights of shareholders**

The Company has a Communications Policy that details the Company's strategy to communicate with shareholders and actively promote shareholder involvement in the Company. It aims to continue to increase and improve the information available to shareholders on its website. All Company announcements, presentations to analysts and other significant briefings are posted on the Company's website after release to the Australian Securities Exchange.

The Board complied with the ASX Corporate Governance Council Principle 6 Recommendations at all times during the year.

### **Principle 7**

#### **Recognise and manage risk**

The Board oversees the establishment, implementation and ongoing review of the Company's risk management and internal control system. Recommendation 7.1 requires that the Company has a formal risk management policy and internal compliance and control system. Resonance Health, through its operating subsidiary Resonance Health Analysis Services Pty Ltd, maintained a Quality Management System (QMS) to international standards ISO13485:2003 for the whole financial year which encompass formal risk analysis processes.

Recommendation 7.2 requires implementation and review of the Company's risk management and internal control system. The Company did not have a separately established risk committee. However, the duties and responsibilities typically delegated to such a committee are expressly included in the role of the Audit and Risk Committee and the main Board. The Board does not believe that any marked efficiencies or enhancements would be achieved by the creation of a separate risk committee.

In addition, the QMS requires the appointment of a 'Management Representative' that reports directly to the Board. The Company also has in place classes of insurance at levels which, in the reasonable opinion of the Directors and senior management, are appropriate for its size and operations. Management has reported the effectiveness of the Company's management of its material business risks to the Board during the reporting period.

The Company's Audit and Risk Charter is available on the Company's website.

Recommendation 7.3: The Company does not have an Internal Audit Function given its size and the Company has maintained a Quality Management System (QMS) to international standards ISO13485:2003 for the whole financial year which encompass formal risk analysis processes.

Recommendation 7.4: The Company does not have material exposure to economic, environmental and social sustainability risks other than normal trading business risks.

Except for Recommendation 7.3 the Board complied with the ASX Corporate Governance Council Principle 7 Recommendations at all times during the year.



## **2019 CORPORATE GOVERNANCE STATEMENT**

### **Principle 8**

#### **Remunerate fairly and responsibly**

The Board has a Nomination and Remuneration Committee. Members of the Committee are outlined under Principle 2 above.

ASX Corporate Governance Council Principles recommend that the Remuneration Committee should consist of a majority of independent Directors, be chaired by an Independent Director and have at least three members.

The Nomination and Remuneration Committee regularly review the level and composition of remuneration of non-executive Directors, executive Directors and senior management with regards to industry best practice, Company and individual performance.

The Company pays fees to The University of Western Australia for services provided by Dr St Pierre who is the Chief Scientific Officer the Company.

All employees receive a base salary and superannuation. The Company has a share incentive plan. Directors do not receive any equity based remuneration unless specifically approved on by shareholders at a general meeting.

The members of the Nomination and Remuneration Committee are outlined in Principle 2. Their attendance at Nomination and Remuneration Committee meetings is detailed in the Directors' Report. Director disclosure requirements are detailed in the Remuneration Report.

The Nomination and Remuneration Committee Charter is available on the Company's website.

Recommendation 8.3 – The Company does not have a written 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 Share Plan. However the Directors discourage employees from doing so especially if it is a short term trading activity.

The Board complied with the ASX Corporate Governance Council Principle 8 Recommendations at all times during the year with the exception of Recommendation 8.3 as noted above.