

**CRYOSITE LIMITED**

**CORPORATE GOVERNANCE STATEMENT**

Review Date: 28th August 2020

# Cryosite Limited

## Corporate Governance Statement

updated and approved 28<sup>th</sup> August 2020

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### 1 Introduction

The Board of directors has the legal responsibility for managing its business with due care and diligence. The Board of directors ensures these obligations are met by establishing principles of corporate responsibility and behaviour. These principles are implemented by the establishment of a framework of rules, systems and processes. These principles and their implementation are called Corporate Governance.

The Board is committed to implementing and achieving an effective Corporate Governance framework to ensure the Company is managed effectively and in an honest and ethical way.

The fundamental base of the Company's Corporate Governance is the Australian Securities Exchange (ASX) Corporate Governance Council "Corporate Governance Principles and Recommendations". The Board has not adopted all of the Recommendations of this Council as the Board believes that given the size of Cryosite, more appropriate, efficient and cost effective methods can be implemented in some instances. Where the Board has not followed a recommendation the reasons for not following the recommendation are set out in the relevant section in the Corporate Governance report. The Board regularly reviews its governance and compliance practices and ensures that the corporate governance framework is relevant.

In this document the Board has set out the principles it has established and the framework of rules, systems and process to ensure these principles are implemented. The purpose of publishing the Company's corporate governance principles is to provide clarity and to instil confidence in investors and other stakeholders.

The following report has been laid out in accordance with ASX Corporate Governance Council Corporate Governance Principles and Recommendations 4<sup>th</sup> edition.

The Corporate Governance practices set out in this document unless otherwise stated have been in place for the entire year

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## 2 Corporate Governance Principles

There are 8 core principles

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

A listed entity should establish and disclose the respective roles and responsibilities of its board and management and how their performance is monitored and evaluated.

#### **Recommendation 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 Board operates in accordance with the broad principles set out in its charter, which provides a framework for the effective operation of the Board. The Charter outlines those responsibilities of the Board, and those responsibilities which the Board has delegated to management. A summary of the charter is available at [www.cryosite.com](http://www.cryosite.com).

Generally speaking the board is responsible under its charter for:

- Demonstrating leadership;
- Defining the entity's purpose and setting its strategic objectives;
- Approving the entities statement of values and code of conduct to underpin the desired culture within the entity;
- Appointing the chair;
- Appointing and replacing the CEO;
- Approving the appointment and replacement of other senior executives and the company secretary;
- Overseeing management in its implementation of the entities strategic objectives, instilling of the entity's values and performance generally;
- Approving operating budgets and major capital expenditure;
- overseeing the integrity of the entity's accounting and corporate reporting systems, including the external audit;
- Approving operating budgets and major capital expenditure;
- overseeing the integrity of the entity's accounting and corporate reporting systems, including the external audit;
- overseeing the entity's process for making timely and balanced disclosure of all material information concerning the entity that a reasonable person would expect to have a material effect on the price or value of the entity's securities;
- satisfying itself that the entity has in place an appropriate risk management framework (for both financial and non- financial risks) and setting the risk appetite within which the board expects management to operate;
- satisfying itself that an appropriate framework exists for relevant information to be reported by management to the board;
- whenever required, challenging management and holding it to account;
- satisfying itself that the entity's remuneration policies are aligned with the entity's purpose, values, strategic objectives and risk appetite; and
- monitoring the effectiveness of the entity's governance practices.

The senior executive team is responsible for implementing the entity's strategic objectives and instilling and reinforcing its values, all while operating within the values, code of conduct, budget and risk appetite set by the board. The senior executive team is also responsible for providing the board with accurate, timely and

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clear information on the entity's operations to enable the board to perform its responsibilities. This is not just limited to information about the financial performance of the entity, but also its compliance with material legal and regulatory requirements and any conduct that is materially inconsistent with the values or code of conduct of the entity.

The board charter should set out the role and responsibilities of the chair of the board. Usually, the chair will be responsible for leading the board, facilitating the effective contribution of all directors and promoting constructive and respectful relations between directors and between the board and management. The chair will also usually be responsible for approving board agendas and ensuring that adequate time is available for discussion of all agenda items, including strategic issues.

The board charter should state the entity's policy on when and how directors may seek independent professional advice at the expense of the entity. This generally should be whenever directors, especially non-executive directors, judge such advice necessary for them to discharge their responsibilities as directors.

The nature of matters reserved to the board and those delegated to management will depend on the size, complexity and ownership structure of the entity, and will be influenced by its history and culture, and by the respective skills of its directors and management. These may vary over time as the entity evolves. The board should regularly review the division of functions between the board and management to ensure that it continues to be appropriate to the needs of the entity.

### **Recommendation 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.**

Before appointment of a director the Company ensures that appropriate checks are undertaken. These include checks as to the person's character, experience, education, criminal record and bankruptcy history.

When a candidate stands for election or re-election as a director, security holders are provided with the following information to enable them to make an informed decision on whether or not to elect or re-elect the candidate:

- biographical details, including their relevant qualifications and experience and the skills they bring to the board;
- details of any other material directorships currently held by the candidate;
- in the case of a candidate standing for election as a director for the first time:
  - confirmation that the entity has conducted appropriate checks into the candidate's background and experience;
  - if those checks have revealed any information of concern,
  - details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the entity as a whole rather than in the interests of an individual security holder or other party; and
  - if the board considers that the candidate will, if elected, qualify as an independent director, a statement to that effect;
- in the case of a candidate standing for re-election as a director:
  - the term of office currently served by the director; and
  - if the board considers the director to be an independent director, a statement to that effect; and
- statement by the board as to whether it supports the election or re-election of the candidate and a summary of the reasons why.

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A candidate for appointment or election as a non-executive director should provide the board with the information above and a consent for the listed entity to conduct any background or other checks the entity would ordinarily conduct. The candidate should also provide details of his or her other commitments and an indication of time involved, and should specifically acknowledge to the listed entity that he or she will have sufficient time to fulfil his or her responsibilities as a director.

### **Recommendation 1.3 - A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.**

The Company has a letter of appointment in the case of a non-executive director and a service contract in the case of an executive director or other senior executive ensuring that the person is personally accountable to the listed entity for any breach of the agreement.

The one exception is where the Company is engaging a bona fide professional services firm to provide the services of a CFO, company secretary or other senior executive on an outsourced basis. In this case, the agreement is between the entity and the professional services firm.

In the case of a non-executive director, the agreement should generally set out:

- the term of appointment;
- the time commitment envisaged, including any expectations regarding involvement with committee work and any other special duties attaching to the position;
- remuneration, including superannuation entitlements;
- the requirement to disclose directors' interests and any matters which may affect the director's independence;
- the requirement to comply with key corporate policies, including the entity's code of conduct and its trading policy;
- the entity's policy on when directors may seek independent professional advice at the expense of the entity (which generally should be whenever directors, especially non-executive directors, judge such advice necessary for them to discharge their responsibilities as directors);
- the circumstances in which the director's office becomes vacant;
- indemnity and insurance arrangements;
- ongoing rights of access to corporate information; and
- ongoing confidentiality obligations.

### **Recommendation 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 company secretary is accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.

The company secretary supports the effectiveness of the board by

- advising the board and its committees on governance matters;
- monitoring that board and committee policy and procedures are followed;
- coordinating the timely completion and despatch of board and committee papers;
- ensuring that the business at board and committee meetings is accurately captured in the minutes; and
- helping to organise and facilitate the induction and professional development of directors.

Each director should be able to communicate directly with the company secretary and vice versa. The decision to appoint or remove a company secretary should be made or approved by the board.

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### **Recommendation 1.5 - A listed entity should**

- **have and disclose a diversity policy;**
- **through its board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and**
- **disclose in relation to each reporting period:**
  - **the measurable objectives set for that period to achieve gender diversity;**
  - **the entity's progress towards achieving those objectives; and**
  - either:**
    - **the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or**
    - **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**

### Diversity Policy

While the Company values diversity and recognizes the benefits it can bring to the organization's ability to achieve its goals the Company, due to the small number of employees has not followed the recommendations set out above. The current diversity of employees is set out in the Company's annual report.

### **Recommendation 1.6 - A listed entity should:**

- a) have and disclose a process for periodically evaluating the performance of the board, its and individual directors; and**
- b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.**

### Performance Evaluation

A description of the process for performance evaluation for the Board, and individual Directors is available at [www.cryosite.com](http://www.cryosite.com). During the year, the Board completed a formal review of its members for their performance in accordance with that process.

### **Recommendation 1.7 - A listed entity should:**

- a) have and disclose a process for periodically evaluating the performance of its senior executives; and**
- b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.**

The process for assessing performance of the CEO and the executive team is described in the Remuneration Report, which forms part of the Directors' Report and is included in the Company's Annual Report. Annual performance assessments in accordance with the processes described have taken place during the year.

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### Principle 2. Structure the Board to add value

The Board considers its size and composition regularly to ensure it has the appropriate mix of skill sets and is of a size that is conducive to making appropriate decisions and to represent the best interests of the company as a whole. The Company's constitution provides for a minimum of three Directors and a maximum of 10.

Directors are appointed to the Board to achieve a combination of governance skills and industry insight and to achieve an appropriate level of diversity. All directors are expected to exercise independence in their decision making and judgment. The skills, experience and expertise relevant to the position of Director held by each Director in office at the date of the annual report is included in the Directors' Report.

#### Term of Office

The Company's constitution specifies that no Director, except the managing director, may hold office for a period in excess of 3 years, or beyond the third annual general meeting following the Director's election, whichever is the longer, without submitting himself or herself for re-election.

Additionally, at every annual general meeting one-third of the previously elected Directors, and if their number is not a multiple of three, then the number nearest to, but not exceeding one third, must retire from office and be eligible for re-election.

Details of the current directors, their qualifications and the term they have held office is set out in the Directors' Report which forms part of the Company's Annual Report.

#### Recommendation 2.1 - The board of a listed entity should:

**a) have a nomination committee which:**

- has at least three members, a majority of whom are independent directors; and
- is chaired by an independent director, and disclose:
- the charter of the committee;
- the members of the committee; and
- 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

**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.**

While Cryosite does have a combined Nominations and Remuneration Committee it does not comply with this recommendation as the committee is only comprised of two directors and only one of those directors is deemed to be independent. Cryosite does not comply with this recommendation as the Company only has three directors on the full Board. The Chair of the Nominations and Remuneration Committee, Ms Nicola Swift, is an Independent Director, the charter of the committee is available at [www.cryosite.com](http://www.cryosite.com), the members, number of times the Committee met and the attendance of members at those meetings is available in the Company's annual report.

#### Recommendation 2.2 - 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.

The current Board skills cover an appropriate balance of skills knowledge, independence and diversity for a company of the size of Cryosite. Details of each directors' experience and qualifications are set out in the Company's annual report and are available on the Company's website. [www.cryosite.com](http://www.cryosite.com).

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### **Recommendation 2.3 - A listed entity should disclose:**

- a) the names of the directors considered by the board to be independent directors;
- b) if a director has an interest, position, association or relationship of the type described below (how independence is assessed) but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and
- c) the length of service of each director.

The names of independent directors, the nature of why directors are not considered to be independent and their tenure are disclosed in the Company's annual report. If there is a change in independence the Company promptly advises the ASX.

Independence of a director is assessed on the following bases

An independent Director is a non-executive director who is not a member of management and who is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgment. The Board considers that an independent Director is a non-executive Director who:

- is not, 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 not, 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 not, 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 not a substantial security holder of the entity or an officer of, or otherwise associated with, a substantial security holder of the entity;
- does not have a material contractual relationship with the entity or its child entities other than as a director;
- does not have close family ties with any person who falls within any of the categories described above; or
- has not been a director of the entity for such a period that his or her independence may have been compromised.

In each case, the materiality of the interest, position, association or relationship needs to be assessed to determine whether it might interfere, or might reasonably be seen to interfere, with the director's capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the entity and its security holders generally.

The determination of materiality requires consideration of both quantitative and qualitative elements. An amount is presumed to be quantitatively material if it is greater than 5% of the Company's gross revenue or expenditure (whichever is the greater). In addition, a transaction of any amount or a relationship is deemed material if knowledge of it may impact shareholders' understanding of the Director's performance.

The Board regularly assesses independence by considering the existence of relationships which might affect independent status as described in the list above, together with the materiality thresholds set by the Board, and any changes to the status of independence are noted on the Cryosite website.

### **Recommendation 2.4 – The majority of the board should be independent Directors**

Cryosite did not comply with this recommendation during the reporting period. During the reporting period two of the three directors did not meet the requirements of independence as set out above. The Chairman, Mr Dulhunty is an executive, Mr Andrew Kroger is a substantial shareholder with a relevant interest at the date of

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this report of 40.3% and hence is not considered to be independent. Ms Nicola Swift is considered to be independent.

### **Recommendation 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**

Cryosite does not comply with the requirement that the Chairman is independent. The Chairman, Mr Bryan Dulhunty is an executive of the Company. At the date of this report. It is anticipated that this is a short time role allowing a focused restructuring of the Company.

The remaining Board members believe that the benefits that the experience of Mr Bryan Dulhunty brings to the Company outweigh the disadvantages of not having an Independent Chair.

**Role of the Chair:** The Chairman is responsible for leading the Board and for the efficient organization and conduct of the board's functioning. The Role of the Chair more specifically is to ensure Directors are properly briefed in all matters relevant to their role and responsibilities, to facilitate Board discussions and to manage the Board's relationship with the Company's CEO and executive team. In accepting the position, the Chairman has acknowledged that it will require a significant time commitment and has confirmed that other positions held will not hinder effective performance in the role of Chairman.

**Role of the CEO:** The CEO is responsible for implementing the Company's strategies and policies as approved by the Board.

It is recommended that role of the CEO should be separate from the role of the Chair, and not be performed by the same person. This separation ensures that no single person has unfettered powers of decision, and it heightens the level of accountability of management to the board and of the board to shareholders.

The Company did not have a CEO at the time of this report, however in the future the role of CEO is not anticipated to be held by the Chair, in accordance with the recommendations.

### **Recommendation 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.**

#### Induction & Continuing Education

The induction provided to new Directors enables them to actively participate in Board decision-making as soon as possible. The induction includes being presented with key strategic, financial and relevant operational documents, and the facilitation of meetings with existing Directors and senior executives to ensure all relevant and material information is explained thoroughly. The induction also includes an explanation of the existing human resources structure of the Company, and roles and responsibilities of key senior executives are explained.

#### Access to Information

The Board is given Board papers, prepared by senior management, for every Board meeting held. These papers include, but are not limited to, a CEO update, an operational update, financial reporting package, investor relations update, and other topical strategic documents relevant to the Company's operations and performance.

Directors are entitled to request any additional information from management where they consider such information necessary to make informed decisions.

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### **Principle 3. Instil a culture of acting lawfully, ethically and responsibly**

A listed entity should instil and continually reinforce a culture across the organisation of acting lawfully, ethically and responsibly.

#### **Recommendation 3.1 - A listed entity should articulate and disclose its values.**

The board sets the Company's statement of values and charge the senior executive team with the responsibility of inculcating those values across the organisation. This includes ensuring that all employees receive appropriate training on the values and senior executives continually referencing and reinforcing those values in their interactions with staff.

#### **Recommendation 3.2 - A listed entity should:**

- a. have and disclose a code of conduct for its directors, senior executives and employees; and**
- b. ensure that the board or a committee of the board is informed of any material breaches of that code.**

#### Code of Conduct

As part of its commitment to recognizing the legitimate interests of stakeholders, the Company has established a code of conduct to guide all Directors and employees, particularly the CEO and other senior executives, in respect of ethical and compliant behaviour expected by the Company. In summary, the code requires that at all times all Company personnel act with the utmost integrity, objectivity and in compliance with the letter and the spirit of the law and Company policies. More specifically, the code of conduct covers the following:

- conflicts of interest;
- confidentiality;
- fair dealing;
- protection of assets;
- compliance with laws and regulations;
- whistle blowing;
- security trading; and
- commitments to stakeholders.

A copy of the code of conduct can be found at [www.cryosite.com](http://www.cryosite.com)

#### **Recommendation 3.3 - A listed entity should:**

- a. have and disclose a whistleblower policy; and**
- b. ensure that the board or a committee of the board is informed of any material incidents reported under that policy.**

The Company has established a whistleblower policy that can be found at [www.cryosite.com](http://www.cryosite.com)

#### The policy

- Clearly identify the types of concerns that may be reported under the policy and how and to whom reports may be made (including to senior executives and the board).
- Explain how the confidentiality of the whistleblower's identity is safeguarded and the whistleblower is protected from retaliation or victimisation.
- Outlines the processes to follow up and investigate reports made under the policy.
- Provides for the training of employees about the whistleblower policy and their rights and obligations under it.
- Provides for the training of managers and others who may receive whistleblower reports about how to respond to them.
- States that the policy will be periodically reviewed to check that it is operating effectively and whether any changes are required to the policy.

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**Recommendation 3.4 - A listed entity should:**

- a. have and disclose an anti-bribery and corruption policy; and**
- b. ensure that the board or a committee of the board is informed of any material breaches of that policy.**

The Company does not have a stand alone anti-bribery and corruption policy. The Company has incorporated this policy within its code of conduct policy.

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### **Principle 4. Safeguard the integrity of corporate reports**

A listed entity should have appropriate processes to verify the integrity of its corporate reports.

#### **Recommendation 4.1: The board of a listed entity should:**

**a) have an audit committee which:**

- 1. has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and**
- 2. is chaired by an independent director, who is not the chair of the board, and disclose:**

- the charter of the committee;
- the relevant qualifications and experience of the members of the committee; and
- 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

**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.**

While Cryosite does have a combined Audit and Risk committee it does not comply with this recommendation as the committee is only comprised of two directors and only one of these directors are deemed to be independent. Cryosite does not comply with this recommendation as the Company only has three directors on the full Board. The Chair of the Audit and Risk Committee, Mr Bryan Dulhunty, is not an Independent Director. The charter of the committee is available at [www.cryosite.com](http://www.cryosite.com). The members, their relevant qualifications, number of times the Committee met and the attendance of members at those meetings is available in the Company's annual report

An audit committee provides an efficient mechanism 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, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators.

The main responsibilities of the committee is to assist the board of Directors of the Company (Board) in fulfilling its statutory, corporate governance and oversight responsibilities by:

**1. monitoring and reviewing:**

- the integrity of the Company's internal financial reporting and external financial statements;
- the effectiveness of internal financial controls;
- the independence, objectivity and performance of external auditors; and
- the policies on risk oversight and management; and

**2. making recommendations to the Board in relation to the appointment of external auditors and approving the remuneration and terms of their engagement.**

Ultimate responsibility for the integrity of the Company's financial reporting rests with the full Board notwithstanding the establishment of the Committee.

- In fulfilling its responsibilities, the Committee
- receives regular reports from management and the external auditors;
- meets with the external auditors at least twice a year, or more frequently if necessary;
- reviews the processes the Executive Chairman and CFO have in place to support their certifications to the Board;

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- reviews any significant disagreements between the auditors and management, irrespective of whether they have been resolved; and
- provides the external auditors with a clear line of direct communication at any time.

### External Auditor

The Company policy is to appoint an external auditor who demonstrates quality and independence. The performance of the external auditor is reviewed annually and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs. It is auditor's policy to rotate audit engagement partners at least every five years.

An analysis of fees paid to the external auditors is provided in the notes to the Financial Statements that form part of the Annual Report and a breakdown of fees for non-audit services is provided in the Directors' Report. It is the policy of the external auditors to provide an annual declaration of their independence to the Company. The external auditor will attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

**Recommendation 4.2 - The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.**

The integrity of the Company's financial reporting depends upon the existence of a sound system of risk oversight and management and internal control. Management accountability for this is enhanced by the assurances it is required to give to the Board.

The Executive Chairman and the CFO have made the following certifications to the Board:

- the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
- the financial statements, and the notes referred to in section 295(3)(b), of the Corporations Act 2001, for the financial year comply with the accounting standards; and
- the financial statements and notes for the financial year give a true and fair view

**Recommendation 4.3 - A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor**

The Company releases a range of periodic corporate reports that are not audited. These include an entity's annual directors' reports, quarterly activity reports and quarterly cash flow reports. Where a corporate report of this type is not subject to audit or review by an external auditor, this fact is disclosed on the report or more generally in the entity's governance disclosures in its annual report or on its website.

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### Principle 5. Make timely and balanced disclosure

A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

#### **Recommendation 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.**

#### Continuous Disclosure

The Company has adopted a policy guiding continuous disclosure of any information concerning the Company that a reasonable person would expect to have a material effect on the price of the Company's securities (price sensitive information), which is designed to ensure compliance with ASX listing rule 3.1 continuous disclosure.

All price sensitive information disclosed to the ASX is posted on the Cryosite website as soon as it's disclosed to the ASX.

The Board has designated the Company Secretary as the person responsible for overseeing and coordinating disclosure of information to the Australian Securities Exchange (ASX).

A copy of the continuous disclosure policy is available on the company's website [www.cryosite.com](http://www.cryosite.com). This policy is periodically reviewed.

#### **Recommendation 5.2 - listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.**

The Company complies with this recommendation to ensure that the board has timely visibility of the nature and quality of the information being disclosed to the market and the frequency of such disclosures.

#### **Recommendation 5.3 - A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.**

The Company complies with this recommendation. Where practicable, the Company provides security holders the opportunity to participate in the presentation, for example, by providing them with dial-in details or providing a link to a live webcast. If that is not practicable, the Company makes available on its website a recording or transcript of the presentation as soon as it reasonably can.

This policy does not apply to private meetings between a listed entity and an investor or analyst. However, the Company is careful not to disclose in the meeting any information that a reasonable person would expect to have a material effect on the price or value of its securities that has not already been disclosed to the market.

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

The Company aims to provide its security holders with appropriate information and facilities to allow them to exercise their rights as security holders effectively

#### **Recommendation 6.1 - A listed entity should provide information about itself and its governance to investors via its website.**

The Company has a website with a “corporate governance” landing page from where all relevant corporate governance information can be accessed.

The Company has included in the corporate governance area of its website links to:

- the names and brief biographical information for each of its directors and senior executives;
- its constitution, and its board charter;
- the corporate governance policies and other corporate governance materials referred to in these recommendations.

The Company has also included website links to:

- copies of its annual reports and financial statements;
- copies of its announcements to ASX;
- copies of notices of meetings of security holders and any accompanying documents;

#### **Recommendation 6.2 - A listed entity should have an investor relations program that facilitates effective two-way communication with investors.**

A primary aim of the Company’s investor relations program is to allow investors and other financial market participants to gain a greater understanding of the entity’s business, governance, financial performance and prospect.

The Company’s program involves actively engaging with security holders at the AGM, meeting with them upon request and responding to any enquiries they may make from time to time.

#### **Recommendation 6.3 A listed entity should disclose how it facilitates and encourage participation at meetings of security holders.**

Meetings of security holders are an important forum for two-way communication between a listed entity and its security holders. They provide an opportunity for a listed entity to impart to security holders a greater understanding of its business, governance, financial performance and prospects, as well as to discuss areas of concern or interest to the board and management. They also provide an opportunity for security holders to express their views to the entity’s board and management about any areas of concern or interest for them.

Due to the small shareholder numbers that company has, it does not provide electronic methods for shareholders to attend or interact at security holder meetings. All shareholders are advised of and given reasonable notice of when security holders meetings are held. Where a vote is to be put to shareholders all shareholders are provided with details of the resolution to be put, are invited to attend the meeting and are provided with the ability to vote online or to vote by proxy. If they attend the meeting each shareholder has the right to ask questions about, or make comments on, the management of the entity. Shareholders are also provided the opportunity to ask questions or provide comments ahead of the meeting. Where appropriate, these questions should be answered at the meeting, either by being read out and then responded to at the meeting or by providing a transcript of the question and a written answer at the meeting.

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**Recommendation 6.4 - A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.**

The Company complies with this principle. The Chairman of security holder meetings will put any substantive resolution to a poll.

**Recommendation 6.5 - 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 Company provides security holders with the option to receive communications from, and send communications to, the entity and its security registry electronically.

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### Principle 7. Recognize and manage risk

A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.

#### Recommendation 7.1 - The board of a listed entity should:

- a) **have a committee or committees to oversee risk, each of which:**
- **has at least three members, a majority of whom are independent directors; and**
  - **is chaired by an independent director, and disclose:**
    - **the charter of the committee;**
    - **the members of the committee; and**
    - **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**
- 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.**

While Cryosite does have a combined Audit and Risk committee it does not comply with this recommendation as the committee is only comprised of two directors. Only one of these directors is deemed to be independent. Cryosite does not comply with this recommendation as the Company only has three directors on the full Board. The Chair of the Audit and Risk Committee, Mr Bryan Dulhunty, is not considered to be Independent Director as he has an executive role.

The charter of the committee is available at [www.cryosite.com](http://www.cryosite.com), the members, their relevant qualifications, number of times the Committee met and the attendance of members at those meetings is available in the Company's annual report.

The purpose of the Committee is to also assist the Board in fulfilling its responsibilities relating to the risk management and compliance practices of the Company.

The Committee satisfies itself annually, or more frequently as required, that management has developed and implemented a sound system of risk management and internal control. The Board is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. They monitor the Company's risk management by overseeing management's actions in the evaluation, management, monitoring and reporting of material operational, financial, compliance and strategic risks.

In providing this oversight, the Committee:

- reviews the framework and methodology for risk identification, the degree of risk the Company is willing to accept, the management of risk and the processes for auditing and evaluating the Company's risk management system;
- reviews Company-wide objectives in the context of the abovementioned categories of corporate risk;
- reviews and, where necessary, approves guidelines and policies governing the identification, assessment and management of the Company's exposure to risk;
- reviews and approves the delegations of financial authorities and addresses any need to update these authorities on an annual basis; and
- reviews compliance with agreed policies.

Risks has been identified and documented under the following risk categories:

- Technology risk;

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- Intellectual property risk;
- Financial (funding) risk; and
- Operational risks including:
  - Key personnel risk;
  - Supply chain risk (disruption to manufacturing);
  - Commercial partner risk.

Risks affecting the Company are reviewed and discussed at each Committee meeting. Further detail on these risks can be found in the review of operations section of the Directors' Report. The Company's risk management policy is available on [www.cryosite.com](http://www.cryosite.com)

**Recommendation 7.2 - The board or a committee of the board should:**

- a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and**
- b) disclose, in relation to each reporting period, whether such a review has taken place.**

The Board annually reviews the entity's risk management framework to satisfy itself that it continues to be sound and that the entity is operating within the risk appetite set by the board. Based on events effecting the Company the risk framework is regular modified to ensure it is relevant, efficient and effective.

**Recommendation 7.3 - A listed entity should disclose:**

- a) if it has an internal audit function, how the function is structured and what role it performs; or**
- b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.**

The Board is of the view that the size and complexity of the Company does not warrant the Company having an internal audit function.

The operation of the Company's compliance system is managed by the senior executives of the Company. The senior executives are responsible for designing, implementing and reporting on the adequacy of the Company's internal control system and has to report to the Board on the effectiveness of the internal control system during the year.

**Recommendation 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.**

The Company does not have any material exposure to economic, environmental and social sustainability risks.

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### **Principle 8. Remunerate fairly and responsibly**

**A listed entity should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders.**

Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear.

**Recommendation 8.1: The board of a listed entity should:**

- a) **have a remuneration committee which:**
- 1. has at least three members, a majority of whom are independent directors; and**
  - 2. is chaired by an independent director, and disclose:**
    - the charter of the committee;
    - the members of the committee; and
    - 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
- 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.**

While Cryosite does have a remuneration committee it does not comply with this recommendation as the committee is only comprised of two directors. Only one of these directors are deemed to be independent. Cryosite does not comply with this recommendation as the Company only has three directors on the full Board. The Chair of the Nominations and Remuneration Committee, Ms Nicola Swift, is an Independent Director, the charter of the committee is available at [www.cryosite.com](http://www.cryosite.com), the members, number of times the Committee met and the attendance of members at those meetings is available in the Company's annual report.

**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.**

#### **Remuneration Structures**

Executive remuneration consists of fixed pay, performance based remuneration and equity based remuneration, and is closely aligned to the success of the Company and is set by comparison with companies of a similar size.

- **Composition:** remuneration packages for executive directors and other senior executives include an appropriate balance of fixed remuneration and performance-based remuneration.
- **Fixed remuneration:** is determined by taking into account the entity's obligations at law and labour market conditions and is be relative to the scale of the entity's business. It should reflect core performance requirements and expectations.
- **Performance-based remuneration:** is linked to clearly specified performance targets. These are aligned to the entity's short and long-term performance objectives and are appropriate to its circumstances, goals and risk appetite.
- **Equity-based remuneration:** Equity-based remuneration, including options or performance rights, are linked to hurdles that are aligned to the entity's longer-term performance objectives.
- **Termination payments:** termination payments terms are set down in the executives' service contract. There is no payment for removal for misconduct.

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The Board retains discretion with respect to the grant and award of incentives up to the point at which they vest. This discretion would be exercised in the event of malus; including but not limited to the serious misconduct or the material misstatement of the company's financial statement. Clawback provisions are not currently in place.

Non-executive Director Remuneration consists of Directors' fees only and does not include options or performance-based remuneration. Remuneration is set by comparison with companies of a similar size and to ensure there does not arise a conflict with their obligation to bring an independent judgement to matters before the board;

- Composition: non-executive directors are remunerated by way of cash fees, superannuation contributions and non-cash benefits in lieu of fees (such as salary sacrifice into superannuation or equity plans).
- Fixed remuneration: levels of fixed remuneration for non-executive directors reflect the time commitment and responsibilities of the role.
- Performance-based remuneration: non-executive directors do not receive performance-based remuneration.
- Equity-based remuneration: Non-executive directors may receive securities as part of their remuneration to align their interests with the interests of other security holders. However, non-executive directors will not receive options with performance hurdles attached or performance rights as part of their remuneration as it may lead to bias in their decision-making and compromise their objectivity.
- Termination payments: non-executive directors do not receive retirement benefits other than superannuation.

**Recommendation 8.3 - A listed entity which has an equity-based remuneration scheme should:**

- 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**
- b) disclose that policy or a summary of it.**

Participants are not permitted to enter into transactions to limit the economic risk of participating in an equity-based incentive scheme.

Further information on non-executive Director and executive remuneration, including principles used to determine remuneration, is set out in the Directors' Report under the heading 'Remuneration Report' in the Company's Annual Report.