

# Corporate Governance Statement

Year ended 30 June 2020

This Corporate Governance Statement (Statement) of Integral Diagnostics Limited (IDX) outlines the main corporate governance practices in place for IDX and addresses the 4th Edition of the Australian Securities Exchange's (ASX) Corporate Governance Principles and Recommendations (the Recommendations). The Board believes the Company accords with all of the principles and recommendations of the ASX Corporate Governance Council.

Both this Corporate Governance Statement and the ASX Appendix 4G have been lodged with the ASX.

This Statement was approved by the Board of Directors (Board) and is current as at 25 August 2020.

The corporate governance policies and practices described below are those that have been in place for the entire year, or as at the date of this report where indicated. The Board and Management are committed to acting responsibly, ethically and with high standards of integrity. The Company is committed to implementing the highest standards of corporate governance appropriate to it, taking into account the group's size, structure and nature of its operations.

The Board has established a number of corporate governance documents consistent with the Recommendations, which form the basis of the Company's Corporate Governance Framework. These documents are referenced in this Corporate Governance Statement where appropriate, and are as follows:

- Board Charter;
- Audit, Risk and Compliance Committee Charter;
- People and Remuneration Committee Charter;
- Integral Clinical Leadership Committee Charter;
- Nomination Committee Charter;
- Code of Conduct;
- Continuous Disclosure Policy;
- Diversity Policy;
- Securities Dealing Policy;
- Whistleblower Policy; and
- Anti-bribery, Fraud and Corruption Policy.

These documents are available on the Integral Diagnostics website in the 'Investors' section and 'Corporate Governance' subsection at <http://www.integraldiagnostics.com.au/page/for-investors/corporate-governance>

## Principle 1: Lay solid foundations for management and oversight

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### **Recommendation 1.1: A listed entity should have and disclose a board charter setting out:**

- (a) the respective roles and responsibilities of its Board and Management; and*
- (b) those matters expressly reserved to the board and those delegated to management.*

The Board has adopted a written Charter to provide a framework for the effective operation of the Board, which sets out the:

- Board composition and processes;
- Board's role and responsibilities;
- Relationship and interaction between the Board and Management; and
- Authority Delegated by the Board to Management and Board Committees.

Pursuant to the Charter, the Board is responsible for and has the authority to determine, all matters relating to the purpose, values, strategic direction, policies, practices, goals for management and the operation of the Company.

The Board is committed to a high standard of corporate governance practice and fosters a culture of compliance which values ethical behaviours, integrity, teamwork and respect for others. Accordingly, the Board has created a framework for managing Integral Diagnostics, including adopting relevant internal controls, risk management processes and corporate governance policies and practices, which it believes are appropriate for Integral Diagnostics' business and which are designed to promote the responsible management and conduct of Integral Diagnostics.

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The Charter clearly outlines matters expressly reserved for the Board's determination and those matters delegated to Management.

The Board has delegated the day-to-day management of the Company and the authority to control the affairs of Integral Diagnostics in relation to all matters, other than those responsibilities reserved to itself in its Charter, to the Managing Director/Chief Executive Officer (CEO). The CEO is supported by Senior Management which is responsible for implementation of Board directed strategies at an operational level. Management must supply the Board with information in a form, time frame and quality that will enable the Board to discharge its duties effectively and the delegations of authority are reviewed by the Board on an annual basis.

A copy of the Company's Board Charter can be found on the Company's website:

<http://www.integraldiagnostics.com.au/page/for-investors/corporate-governance>

## **Recommendation 1.2: A listed entity should:**

- (a) undertake appropriate checks before appointing a director or senior executive or putting someone forward for election, as a director; and*
- (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a Director.*

Before appointing an Executive or Director, or putting forward to shareholders a Director for appointment, the Company procures comprehensive reference checks that cover elements such as the person's character, experience, employment history, qualifications, criminal history, bankruptcy history, and disqualified officer status.

A Director that has been appointed during the year must stand for election at the next Annual General Meeting (AGM). Directors are generally appointed for a term of three years. Retiring Directors are not automatically re-appointed.

The Company provides to shareholders for their consideration, information about each candidate standing for election or re-election as a Director that the Board considers necessary for shareholders to make a fully informed decision. Such information is included in the explanatory memorandum to the notice of AGM and includes the person's biography, inclusive of experience and qualifications, details of other directorships, and whether the Board supports the appointment or re-election.

## **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 terms of the appointment of a Non-Executive Director are set out in writing and cover matters such as the term of appointment, time commitment envisaged, required Committee work and other special duties, requirement to disclose their relevant interests which may affect independence, corporate policies and procedures, indemnities, and remuneration entitlements.

All Executive Directors and Executives are issued with written agreements which detail the above matters as well as the person or body to whom they report, the circumstances in which their service may be terminated (with or without notice), and any entitlements upon termination.

## **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 to the Board through the Chair on all Board matters and is accessible to all Directors. The Company Secretary is responsible for all matters relating to the proper functioning of the Board, including coordination of all Board business; agendas, Board papers, minutes, communication with regulatory bodies and ASX, and all statutory and other filings. The Company Secretary has a written position description and employment agreement.

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

- (a) have and disclose a diversity policy;*
- (b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and;*
- (c) disclose in relation to each reporting period:*
  - (i) the measurable objectives set for that period to achieve gender diversity;*
  - (ii) the entity's progress towards achieving those objectives; and*

# Corporate Governance Statement continued

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(iii) either:

- a. the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined senior executive for these purposes); or
- b. if the entity is a “relevant employer” under the Workplace Gender Equality Act, the entity’s most recent “Gender Equality Indicators”, as defined in and published under that Act.

If the entity was in the S&P/ASX 300 Index at the commencement of the reporting period, the measurable objective for achieving gender diversity in the composition of its board should be to have not less than 30% of its directors of each gender within a specified period.

The People and Remuneration Committee (PRC) is responsible for the review of the effectiveness of the Diversity Policy in accordance with its Charter. The Company has a Diversity Policy which requires the Board to consider measurable objectives for achieving gender diversity and to assess the objectives and the Company’s progress towards achieving them on an annual basis.

A copy of the Company’s Diversity Policy can be found on the Company’s website:

<http://www.integraldiagnostics.com.au/page/for-investors/corporate-governance>

The Policy aims to drive the Company’s ability to attract, retain, motivate and develop the best talent, create an engaged and inclusive workforce, deliver the highest quality services to its patients and referrers and continue to grow the business. It also aims to address the representation of women in Senior Management positions and on the Board, and to actively facilitate a more diverse and representative management and leadership structure.

The Board continues its commitment to the measurable objectives for gender diversity for 2020 those objectives were:

- (i) A minimum target of 30% female representation at Board level;
- (ii) A minimum target of 30% female representation to be achieved at Executive and Senior Management levels; and
- (iii) At least 50% of shortlisted candidates for Board, Executive and Senior Management positions are to be female.

The Company achieved its target female representation levels for both Board, Executive and Senior Management levels. During the year, two appointments were made to the Senior Management Group and one of those appointments was female.

The Company’s performance against its objectives are listed below:

Objective	Target	2020	2019
Female Board Representation	Minimum of 30%	43%	43%
Female Representation at Executive and Senior Management levels	Minimum of 30%	33%	38%
Shortlisted Female candidates for Board, Executive and Senior Management positions are to be female <sup>1</sup>	At least 50%	33%	25%

<sup>1</sup> Of the two appointments made for the Board, Executive and Senior Management in FY20 50% were female.

The Board via the PRC reviewed its measurable objectives in the current year and has adopted the following objectives for 2021:

- (i) A minimum of 30% of each gender representation on the Board
- (ii) A minimum of 30% of each gender representation to be achieved at the Executive Level<sup>1</sup>
- (iii) A minimum of 30% of each gender representation to be achieved at Senior Management Level<sup>2</sup>
- (iv) A minimum of 30% of each gender representation to be achieved at Executive and Senior Management Levels.
- (v) At least one of each gender are to be included as shortlisted candidates for Board, Executive and Senior Management positions.
- (vi) IDX’s gender percentages of employees company-wide should remain within 10% of the industry as measured by WEGA (Pathology and Diagnostic Imaging Services within Medical and Other Health Care Services Industry Subdivision).

<sup>1</sup> Executive is defined as CEO and Chief Financial and Commercial Officer (CFCO)

<sup>2</sup> Senior Management is defined as the Senior Management Group and includes Group Commercial Manager, General Managers, Group Financial Manager, Human Resources Director, Chief Information Officer and Group Risk and Compliance Manager.

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The breakdown of gender within the organisation is listed below:

Level in the organisation	Proportion of Females	Proportion of Males
Board	43%	57%
Executives <sup>1</sup>	50%	50%
Senior Management <sup>2</sup>	30%	70%
Whole organisation	76%	24%

<sup>1</sup> Executives include the following positions: CEO and CFCO.

<sup>2</sup> Senior Management includes the following positions: Group Commercial Manager, General Managers, Group Financial Manager, Human Resources Director, Chief Information Officer and Group Risk and Compliance Manager.

The Board will continue to review annually the measurable objectives it has set for gender diversity, to ensure the Company continues to have diversity at Board, Executive and Senior Management levels.

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

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

A comprehensive formal performance evaluation process has been established and is documented for the Board, each of its Committees, the Chair and each individual Director.

Performance is formally evaluated annually as well as informally on an on-going basis to thoroughly assess effectiveness at every level and identify opportunities for improvement. The Nomination Committee has outlined a plan utilising a mixture of survey tools to ascertain quantitative data alongside qualitative insights which is followed up with interview-based discussion with individual Directors and discussion by the Board as a whole.

The process for the Board, each Committee, the Chair and each individual Director during the financial year ended 30 June 2020 commenced in May 2020. A comprehensive process was undertaken using quantitative and qualitative survey tools and a formal summary report provided for the Board and each Committee. This was followed up with discussion with each Committee, individual Directors and the Board based on the performance evaluation.

The performance of individual Directors was discussed by the Chair with each Director; and in the case of the Chair, by the Chair of the PRC.

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

- (a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and*
- (b) disclose for each reporting period whether a performance evaluation was undertaken in accordance with that process during or in respect of that period.*

The PRC, in accordance with its Charter, reviews the performance assessment processes of the CEO and CEO direct reports. The evaluation process comprises annual financial and non-financial key performance indicators (KPI's), a formal performance evaluation and discussion throughout the year. All KPIs of the CEO and CEO direct reports are considered by the PRC and approved by the Board.

For FY20 a performance evaluation for the CEO and CEO direct reports, commenced in May 2020. It comprised self-assessment evaluations which were reviewed by the CEO and include the CEO's feedback and assessment. Informal feedback was also provided to the CEO on direct reports from Board members, clinicians, peers/colleagues and their direct reports. The PRC also provides feedback as part of the evaluation process.

# Corporate Governance Statement continued

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## Principle 2: Structure the board to be effective and add value

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

(a) have a Nomination Committee which:

- (i) has at least three members, a majority of whom are independent directors; and
- (ii) is chaired by an independent director, and disclose:
  - (iii) the charter of the committee;
  - (iv) the members of the committee; and
  - (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

(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.

The Board has a Nomination Committee (NomCo) which assists the Board in carrying out its responsibilities, as set out in the Nomination Committee Charter. The composition of the NomCo consists of three members, all of whom are Non-Executive Directors and all of whom are independent Directors. The NomCo is chaired by an independent Director.

Current members of the Committee are:

<b>Names</b>	<b>Title</b>	<b>Independence</b>
Helen Kurincic	(Chair) Non-Executive Director	Independent
John Atkin	Non-Executive Director	Independent
Rupert Harrington	Non-Executive Director	Independent

A copy of the Nomination Committee Charter can be found on the Company's website:

<http://www.integraldiagnostics.com.au/page/for-investors/corporate-governance> .

Details of the NomCo's member's qualifications and meeting attendances are set out in the Directors Report contained in the Annual Report.

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**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 Board has reviewed its Board Skills Matrix that sets out the mix of skills, experience and expertise that are considered necessary at Board level for optimal performance of the Board. It has been used when recruiting new Directors and assessing which skills need to be outsourced based on the attributes of the current Board members.

Skill and experience category	Capability Scale
<b>Governance</b> - Board experience as a director of an ASX listed company, demonstrated commitment to highest standards of governance including experience with companies subject to rigorous governance standards and member of a governance body.	72% 14% 14%
<b>Risk Management</b> - Experience with the establishment of risk and compliance frameworks and the identification and monitoring key risks to the company.	43% 29% 14%
<b>Leadership</b> - Sustainable success in business at a Senior Executive level or practice leadership level in relevant sectors including health, IT, finance, consumer and professional services.	71% 29%
<b>Healthcare Sector Experience</b> - Experience as a medical professional, senior executive or deep Board experience in the health care services sector.	71% 29%
<b>Strategy</b> - Experience in developing, implementing and challenging a plan of action designed to achieve the long-term goals of the Company.	71% 29%
<b>Financial and Accounting</b> - Experience in financial accounting and reporting, corporate finance and internal financial controls. Includes the ability to probe the adequacy of financial controls.	43% 29% 14%
<b>Quality and Safety</b> - Experience related to work health and safety governance and/or quality and safety clinical governance.	71% 29%
<b>Regulatory, Legal, and Public Policy</b> - Experience in Government relations, public and regulatory policy or qualified legal professional.	29% 29% 14%
<b>Business Acquisition and Integration</b> - Experience in M&A and implementation/business integration.	71% 29%
<b>People, Culture and Remuneration</b> - Management experience in relation to workplace culture, remuneration, organisational development, succession, diversity and human resource management and or ASX listed company Remuneration Committee membership.	57% 14% 29%
<b>Technology strategy and governance</b> - Knowledge and experience in IT including, privacy, data management and digital strategies.	29% 29% 28%
<b>Environment and Social</b> - Experience in environmental and social governance.	14% 57%

H - Significant capability in most or all aspects

M - Capability in some aspects

L - Limited or developing capability

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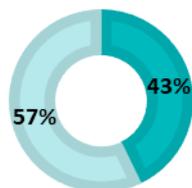
Year ended 30 June 2020

The Board believes that its membership adequately represents the required skills as set out in the matrix. The Board considers that its current members have an appropriate mix of skills that enable directors to collectively discharge their responsibilities to deliver the Company's strategy and objectives. The Board seeks external expertise as required to supplement its skills.

The Board is an advocate for diversity of thinking and its gender, age diversity and tenure is depicted below:

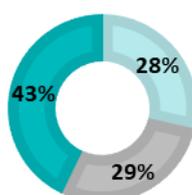
## BOARD GENDER

■ Female ■ Male



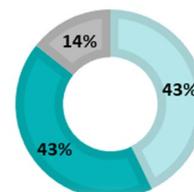
## BOARD AGE

■ 40-49 years ■ 50-59 years ■ 60+ years



## BOARD TENURE

■ 0-3 years ■ 4-6 years ■ 7-9 years ■ 10+ years



43% of Board members are female.

The average age of Board members is 56.86 years

The average tenure of Non-executive Directors is 4.63 years.

### **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 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 or relationship in question and an explanation of why the board is of that opinion; and
- (c) the length of service of each director.

Outlined below are the names of current Directors, independence status and length of service:

Names	Title	Independence	Length of service
Helen Kurincic	Chair, Non-Executive Director	Independent	5.5 years <sup>1</sup>
Dr Ian Kadish	Managing Director/Chief Executive Officer	Non-Independent	3 years
Dr Chien Ho <sup>2</sup>	Executive Director	Non-Independent	12 years <sup>1</sup>
Dr Jacqui Milne <sup>2</sup>	Executive Director	Non-Independent	0.75 years
Dr Sally Sojan <sup>2,3</sup>	Executive Director	Non-Independent	5.25 years <sup>1</sup>
John Atkin	Non-Executive Director	Independent	5 years
Rupert Harrington	Non-Executive Director	Independent	5 years
Raelene Murphy	Non-Executive Director	Independent	3 years

<sup>1</sup> Director of Lake Imaging Holdings Pty Ltd, prior to the Company's name change to Integral Diagnostics Limited.

<sup>2</sup> Full-time radiologists employed by Integral Diagnostics Limited.

<sup>3</sup> Dr Sally Sojan was a Non-Independent Director and ceased her position from the Board on 1 November 2019.

Biographies of the Directors are published on the Company's website at:

<https://www.integraldiagnostics.com.au/page/who-we-are/our-directors/>

The Board Charter sets out guidelines to assist in considering the independence of Directors and the board considers a Director to be independent where he or she is not a member of management and is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to interfere with, the exercise of their unfettered and independent judgment.

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The Board will consider the materiality of any given relationship on a case-by-case basis. The Board reviews the independence of each Non-Executive Director in light of information disclosed to the Board and reviews the Director's standing disclosure of interests register at each Board and Committee meeting.

***Recommendation 2.4: A majority of the board of a listed entity should be independent Directors.***

The majority of the Board are independent Directors. The Board currently consists of four independent Non-Executive Directors and three Executive Directors (CEO and two employed radiologists).

Doctors Chien Ho and Jacqui Milne are employed radiologists and as such, provide deep knowledge and medical expertise in diagnostic imaging. The Board believes they bring objective judgement to the Board's deliberations and that each of the non-independent Directors make an invaluable contribution through their deep understanding of Integral Diagnostics' specialist medical business of diagnostic imaging.

## BOARD INDEPENDENCE



57% of the Board are independent Non-Executive Directors.

***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.***

Ms Helen Kurincic is Chair of the Board and is a Non-Executive independent Director of the Company. Dr Ian Kadish is the CEO.

***Recommendation 2.6: A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.***

The Nomination Committee is responsible for the induction program and for providing appropriate professional development opportunities for Directors to enable them to develop and maintain the necessary skills and knowledge to perform their roles effectively.

A documented induction program is in place and is reviewed annually by the Committee. Directors have previously participated in the induction program which has included meetings with directors, executives, management and radiologists, operational site visits and provision of documents such as plans, policies and other Board reference documents.

Directors have participated in ongoing professional development opportunities. This has included completion of site visits throughout the course of each year, attendance at the Company's Clinical Conference, and briefings from external experts on relevant regulatory, industry and legal developments. During 2020, the COVID-19 pandemic saw the cancellation of the Company's Clinical Conference and a number of scheduled site visits. These activities are part of the Company's ongoing professional development opportunities and will be resumed when it is safe and appropriate to do so.

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

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

The Company has a set of core values which include:



Everyone who works for Integral Diagnostics is expected to behave in a manner consistent with the values.

The Company's values are promoted through many communication channels, including emails, posters, intranet campaigns, booklets and key messaging to maintain their visibility and encourage self-reflection. Behaviour and conduct is assessed with respect to the Company values during performance reviews for each employee and the Board.

**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.

The Board is committed to a high level of integrity and ethical standards in all business practices. Accordingly, the Board has adopted a formal Code of Conduct that outlines how Integral Diagnostics expects its representatives to behave and conduct business in the workplace and includes legal compliance and guidelines on appropriate ethical standards. All employees of Integral Diagnostics including consultants, contractors and directors must comply with the Code of Conduct, with employees being required to complete online Code of Conduct training upon appointment. Managers have the responsibility to communicate the Code of Conduct to employees and take a leadership role in observing and promoting the behaviour and standards in the Code of Conduct and related policies.

The Code outlines the process for dealing with breaches of the Code, which are taken very seriously, with all material breaches being reported to the Board.

A copy of the Company's Code of Conduct can be found on the Company's website:

<http://www.integraldiagnostics.com.au/page/for-investors/corporate-governance>

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

*(a) have and disclose a whistle-blower policy; and*

*(b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.*

Integral Diagnostics' Whistleblower Policy documents the Company's commitment to maintaining an open working environment in which employees and contractors can report instances of unethical, unlawful or undesirable conduct without fear of intimidation or reprisal.

The Audit, Risk and Compliance Committee is notified of disclosures received under the Whistleblower Policy and oversees any required investigations.

A copy of the Company's Whistleblower Policy can be found on the Company's website:

<http://www.integraldiagnostics.com.au/page/for-investors/corporate-governance>

***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.*

In addition to the Company's Code of Conduct the Company has an Anti-Bribery, Fraud and Corruption Policy which provides guidance on what is expected and how to recognise and manage risks of bribery, fraud and corruption. The Company is committed to a zero-tolerance approach to acts of bribery, fraud or corruption and our Code of Conduct sets out the standards for the way we work and conduct ourselves.

All reports made under the Policy are reported to the Group Risk and Compliance Manager who reports material breaches to the Audit, Risk and Compliance Committee or the Board.

A copy of the Company's Anti- bribery, Fraud and Corruption Policy can be found on the Company's website:

<http://www.integraldiagnostics.com.au/page/for-investors/corporate-governance>

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## Principle 4: Safeguard the integrity of corporate reports

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

(a) have an audit committee which:

- (i) has at least three members, all of whom are Non-Executive Directors and a majority of whom are independent directors; and
- (ii) is chaired by an independent director, who is not the chair of the board, and disclose:
  - a. the charter of the committee;
  - b. the relevant qualifications and experience of the members of the committee; and
  - c. 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.

The Board maintains a combined Audit, Risk and Compliance Committee (ARCC) to assist the Board in carrying out its accounting, auditing, financial reporting and risk management responsibilities.

The composition of the ARCC consists of four members, all of whom are Non-Executive Directors, and all are independent Directors. The ARCC is chaired by an independent Director, who is not the Chair of the Board.

Current members of the Committee are:

Names	Title	Independence
Raelene Murphy	(Chair) Non-Executive Director	Independent
Rupert Harrington	Non-Executive Director	Independent
Helen Kurincic	Non-Executive Director	Independent
John Atkin	Non-Executive Director	Independent

A copy of the Audit, Risk and Compliance Committee Charter can be found on the Company's website:

<http://www.integraldiagnostics.com.au/page/for-investors/corporate-governance>

The members have between them sufficient accounting and financial knowledge, and sufficient understanding of the industry in which the Company operates, to effectively discharge the Committee's responsibilities. Details of the ARCC member's qualifications are set out in the Directors Report contained in the Annual Report.

Details of meeting attendance for members of the ARCC are set out in the Directors Report contained in the Annual Report. The CEO, Executives and other employees and external parties, may be invited to provide information or reports or attend Committee meetings as required.

**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.**

Prior to Board approval of the financial statements for a financial period the CEO and the CFO of Integral Diagnostics provide the Board with such declarations and in accordance with section 295A of the Corporations Act. The Company also requires senior management and finance employees to complete a questionnaire and declaration similar to the declaration required by the CEO and CFO. The questionnaire covers their area of responsibility and the questions relate to the preparation of the financial statements. This process assists the CEO and CFO in being able to make their declarations to the Board.

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***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.***

Integral Diagnostics is committed to providing clear, concise and effective disclosure in its corporate reports. The Company's goal is that periodic corporate reports will be accurate, balanced and provide investors with appropriate information to make informed investment decisions.

Integral Diagnostics process for verifying unaudited periodic corporate reports is as follows:

- reports are prepared by, or under the supervision of, subject-matter experts;
- material statements in the reports are reviewed for accuracy and material requirements; and
- other than administrative announcements all other announcements must be approved by the Board.

This process is intended to ensure that all applicable laws, regulations and company policies have been complied with, and that appropriate approvals are obtained before a report is released to the market.

Consistent with these principles, the non-audited sections of the Annual Report, the Investor Presentation, ESG Report and Corporate Governance Statement for the reporting period were prepared by the relevant subject matter experts and reviewed and verified by relevant executives and senior managers prior to review and consideration by the Board and if thought fit, approval. ASX announcements including administrative announcements are reviewed by the CEO and the CFO prior to release by the Company Secretary.

## Principle 5: Make timely and balanced disclosure

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***Recommendation 5.1 A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.***

Listing rule 3.1 requires a listed entity, subject to certain exceptions, to disclose to the ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of its securities. The Company is committed to providing the market with complete and timely information about disclosure events in compliance with its continuous disclosure obligations and the *Corporations Act 2001*.

The Company maintains a written Continuous Disclosure Policy which outlines the responsibilities and procedures relating to:

- The Company's continuous disclosure obligations under the ASX Listing Rules and Corporations Act (2001); and
- How Integral Diagnostics employees are required to deal with potentially price-sensitive information, and communications with external stakeholders such as the media, security holders and the community to ensure that the Company meets its continuous disclosure obligations.

It is the Company's policy to ensure that all market participants have an equal opportunity to review and access material information made available by the Company, and that the Company complies with both the letter and spirit of its continuous disclosure obligations under the ASX Listing Rules and the Corporations Act.

The Continuous Disclosure Policy sets out the procedures that apply to the collection, control, assessment and where required, release to the ASX of material information.

A copy of the Continuous Disclosure Policy can be found on the Company's website:

<http://www.integraldiagnostics.com.au/page/for-investors/corporate-governance>

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

The Company's Continuous Disclosure Policy requires that the Board receives copies of all material market announcements promptly after they are made. The Board receives copies of all ASX announcements promptly after they are made and announcements are also available on the company website as soon as practicable after they are made.

# Corporate Governance Statement continued

Year ended 30 June 2020

***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.***

It is the Company's policy to ensure that all market participants have an equal opportunity to review and access material information made available by the Company, and that the Company complies with both the letter and spirit of its continuous disclosure obligations under the ASX Listing Rules and the Corporations Act. If the Company plans to give any substantive investor or analyst presentations, they are released to the ASX Market Announcements Platform prior to the presentation.

## Principle 6: Respect the rights of security holders

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

One of the Company's key communication tools is its website. The Company endeavours to keep its website up to date. Important information about the Company in relation to governance documents, Directors and Executives, Board and Committee Charters, Annual Reports, ASX announcements and contact details can be found on its website.

***Recommendations 6.2 and 6.3: A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors (6.2). A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders (6.3).***

Integral Diagnostics aims to ensure that shareholders are kept informed of all major developments affecting the state of affairs of the Company. Additionally, the Company recognises that potential investors and other interested stakeholders may wish to obtain information about the Company from time to time.

In order for the investors to gain a greater understanding of the Company's business, governance practices, financial performance and future prospects, the Company has implemented an Investor Relations Program.

The Company schedules interaction during the year where it engages with institutional and private investors, proxy advisors, analysts and the financial media. Scheduled interactions take place following the announcement of half year and full year results. Where presentations are given to shareholders at institutional investor events, Integral Diagnostics discloses any presentations provided to ASX prior to the time of the presentation if there is any new information provided in the presentation.

Meetings and discussion with analysts must be approved by the CEO and are conducted by the CEO and the CFO. The discussions are restricted to explanation of information already within the market or which deal with non-price sensitive information. These meetings are not held within the blackout period which commences at the half year period end dates, 31 December and 30 June, in advance of the release of interim or full year results.

The Company encourages shareholders to attend the Company's Annual General Meeting and are provided with explanatory notes on the resolutions proposed through the Notice of Meeting. A copy of the Notice of Meeting is also posted on the Company's website and lodged with the ASX.

In addition, a document is enclosed with the notice of meeting to invite shareholders to submit questions of the Board, management or the auditors prior to the Annual General Meeting so that they may be answered during the meeting.

Shareholders are encouraged to vote on all resolutions and unless specifically stated otherwise in the Notice of Meeting, all shareholders are eligible to vote on all resolutions. The transcripts of the Chair and CEO's address, together with the results of the Annual General Meeting, will be provided to the ASX and posted on the Company's website.

For the current year, having regard to the Governments recommendations regarding social distancing in the context of the COVID-19 pandemic, the FY20 Annual General Meeting will be held electronically. Shareholders will be able to vote and participate using technology which should encourage access and participation.

# Corporate Governance Statement continued

Year ended 30 June 2020

***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 recognises the importance of shareholder participation in general meetings and supports and encourages that participation. The company has direct voting arrangements in place, allowing shareholders unable to attend the AGM to vote on resolutions without having to appoint someone else as a proxy. Shareholders are also able to register their voting instructions electronically. Voting on all resolutions at an AGM is conducted by 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 shareholders with the option of receiving communications from, and sending communications to, the Company and Share Registry electronically. All shareholders are advised that the Annual Report can be found on the Company's website.

The Company's share register is managed and maintained by Computershare Investor Services Pty Ltd (Computershare).

Shareholders can elect to receive email notifications when the Annual Report and certain other information is posted to the Company's website. Shareholders can communicate with the Company or Computershare by mail, telephone, email or online via the Computershare Investor Centre portal.

Shareholders may choose to receive communications from and send communications to the Company and Computershare electronically. As part of our ESG commitments we encourage our shareholders to receive communications electronically.

Shareholders can access their shareholding details or make enquiries about their shareholding electronically through the link provided on the Integral Diagnostics website in the Investors section, or through the Computershare's website at <http://www.computershare.com/au>

# Corporate Governance Statement continued

Year ended 30 June 2020

## Principle 7: Recognise and manage risk

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### **Recommendations 7.1: The board of a listed entity should:**

(a) have a committee or committees to oversee risk, each of which:

(i) has at least three members, a majority of whom are independent directors; and

(ii) is chaired by an independent director, and disclose:

a. the charter of the committee;

b. the members of the committee; and

c. 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.

The Board maintains a combined Audit, Risk and Compliance Committee (ARCC). The members of the Committee are detailed in Recommendation 4.1 above.

A copy of the Audit, Risk and Compliance Committee Charter can be found on the Company's website:

<http://www.integraldiagnostics.com.au/page/for-investors/corporate-governance>

The Charter includes the Committee's responsibilities which include procedures for general risk oversight and monitoring, internal control and risk management, risk transfer and insurance and other responsibilities.

The Company also has an established Clinical Leadership Committee to promote and support a collegiate culture across all practices and to provide advice on clinical governance matters including patient care, clinical standards and quality assurance. The Integral Clinical Leadership Committee's Charter can be found on the Company's website:

<https://www.integraldiagnostics.com.au/page/for-investors/corporate-governance/>

Details of the ARCC members' qualifications and meeting attendances are set out in the Directors Report contained in the Annual Report.

The CEO, Executives and other employees and external parties, may be invited to provide information or reports or attend the Committee meeting as required.

### **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 that the entity is operating with due regard to the risk appetite set by the board; and

(b) disclose, in relation to each reporting period, whether such a review has taken place.

The ARCC has reviewed and made recommendations for the improvement of the Company's Enterprise Risk Management Framework during the period. This review occurs annually or more regularly as required. The ARCC also reviewed risk appetite statements and measures for each of its risk categories and reviewed the Company's material business risk assessments during the period.

# Corporate Governance Statement continued

Year ended 30 June 2020

***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 Company has an internal audit function. The internal audit function is outsourced and is accountable to the ARCC on all internal audit matters. In performing their work, Internal Audit has unrestricted access to review all aspects of the Group's operations. The ARCC has reviewed the effectiveness and the performance of the internal audit, approved the Annual Internal Audit Plan, reviewed internal audit reports completed and agreed actions, and ensured that planned audit activities are in alignment to business risks. A risk-based methodology is used in setting the annual internal audit plan.

Further details of what role the internal audit function performs can be found within the Audit, Risk and Compliance Committee Charter on the Company's website:

<http://www.integraldiagnostics.com.au/page/for-investors/corporate-governance>

***Recommendation 7.4 A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.***

The Company has assessed that it has no material exposure to environmental or social risks. The Operating and Financial Review which is contained in our 2020 Annual Report details risks associated with Integral Diagnostics, considered to be the core risks which could impact the future financial and operating results of the Company.

Integral Diagnostics adopts the approach of a responsible corporate citizen with regard to environmental and social matters and has produced its first stand alone ESG Report which deals with the Company's environmental, social and governance issues.

A copy of this Report is available on the Company's website:

<https://www.integraldiagnostics.com.au/page/for-investors/>

# Corporate Governance Statement continued

Year ended 30 June 2020

## Principle 8: Remunerate fairly and responsibly

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

(a) have a remuneration committee which:

(i) has at least three members, a majority of whom are independent directors; and

(ii) is chaired by an independent director, and disclose:

a. the charter of the committee;

b. the members of the committee; and

c. 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.

The Board has established a PRC to assist the Board with discharging its responsibilities with regards to developing and monitoring remuneration policies and practices for the Board, the CEO, and the direct reports to the CEO.

The composition of the PRC currently consists of four members, all of whom are Non-Executive Directors and all of whom are independent Directors. The Committee is chaired by an independent Director, who is not the Chair of the Board. Current members of the Committee are:

Names	Title	Independence
John Atkin	(Chair) Non-Executive Director	Independent
Helen Kurincic	Non-Executive Director	Independent
Rupert Harrington	Non-Executive Director	Independent
Raelene Murphy	Non-Executive Director	Independent

A copy of the People and Remuneration Committee Charter can be found on the Company's website:

<https://www.integraldiagnosics.com.au/page/for-investors/corporate-governance>

Details of meeting attendance for members of the People and Remuneration Committee are set out in the Directors Report contained in the Annual Report. The CEO, Senior Management and other employees and external parties, may be invited to provide information or reports or attend the Committee meeting as required.

### **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.**

Refer to the Remuneration Report, which is contained within our 2020 Annual Report. The Remuneration Report discloses the policies and practices regarding remuneration of Non-Executive Directors and Key Management Personnel.

### **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.

The Company has an equity-based remuneration scheme which last received shareholder approval at the 2017 Annual General Meeting. Any dealing in respect of an incentive is prohibited unless the Board determines otherwise or the dealing is required by law and the participant has provided satisfactory evidence to the Company of that fact, and it is in accordance with the Company's Securities Dealing Policy. The Securities Dealing Policy specifically states that Company securities acquired under a director or employee incentive plan must never be hedged prior to the vesting and that hedging includes entering into transactions in financial products that operate to limit the economic risk associated with holding Company securities.

A copy of the Policy can be found on the Company's website:

<http://www.integraldiagnosics.com.au/page/for-investors/corporate-governance>