

## Appendix 4G

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

Name of entity:

Integral Diagnostics Limited

ABN / ARBN:

55 130 832 816

Financial year ended:

30 June 2016

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

- These pages of our annual report:
- This URL on our website: [www.integraldiagnostics.com.au](http://www.integraldiagnostics.com.au)

The Corporate Governance Statement is accurate and up to date as at 23 September 2016 and has been approved by the Board.

The annexure includes a key to where our Corporate Governance disclosures can be located.

Date: 23 September 2016

Name of Director or Secretary authorising lodgement: Sonia Joksimovic – Company Secretary

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

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

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

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

<sup>3</sup> Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity's corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

## ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

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

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

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
1.5	<p>A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>	<p>... the fact that we have a diversity policy that complies with paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>AND</b></p> <p>... and a copy of our diversity policy or a summary of it:</p> <p><input checked="" type="checkbox"/> at <a href="http://www.integraldiagnostics.com.au/page/for-investors/corporate-governance/">http://www.integraldiagnostics.com.au/page/for-investors/corporate-governance/</a></p> <p>... and the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and the information referred to in paragraphs (c)(1) or (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

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

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
2.3	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, 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 the directors considered by the board to be independent directors: <input checked="" type="checkbox"/> in our Corporate Governance Statement  ... and, where applicable, the information referred to in paragraph (b): <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> in [insert location]  ... and the length of service of each director: <input checked="" type="checkbox"/> in Directors Report	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
2.4	A majority of the board of a listed entity should be independent directors.	... the fact that we follow this recommendation: <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
<b>PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY</b>			
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	... our code of conduct or a summary of it: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input checked="" type="checkbox"/> at <a href="http://www.integraldiagnostics.com.au/page/for-investors/corporate-governance/">http://www.integraldiagnostics.com.au/page/for-investors/corporate-governance/</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

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

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity that does not hold an annual general meeting and this recommendation is therefore not applicable
<b>PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE</b>			
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	... our continuous disclosure compliance policy or a summary of it: <input checked="" type="checkbox"/> in our Corporate Governance Statement	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
<b>PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS</b>			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	... information about us and our governance on our website: <input checked="" type="checkbox"/> at <a href="http://www.integraldiagnostics.com.au/page/for-investors/corporate-governance/">http://www.integraldiagnostics.com.au/page/for-investors/corporate-governance/</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	... our policies and processes for facilitating and encouraging participation at meetings of security holders: <input checked="" type="checkbox"/> in our Corporate Governance Statement	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity that does not hold periodic meetings of security holders and this recommendation is therefore not applicable
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

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



Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
7.3	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	<p>[If the entity complies with paragraph (a):] ... how our internal audit function is structured and what role it performs: <input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>[If the entity complies with paragraph (b):] ... the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes: <input type="checkbox"/> in our Corporate Governance Statement</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
7.4	<p>A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	<p>... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>AND</b> <input checked="" type="checkbox"/> in the Directors Report</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>	
<b>PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY</b>			
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a remuneration committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="http://www.integraldiagnostics.com.au/page/for-investors/corporate-governance/">http://www.integraldiagnostics.com.au/page/for-investors/corporate-governance/</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> in the Directors' Report</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a remuneration committee and the processes we employ for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at [insert location]</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.2	<p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	<p>... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>AND</b></p> <p><input checked="" type="checkbox"/> in the Remuneration Report section of the Annual Report at <a href="http://www.integraldiagnostics.com.au/page/for-investors/">http://www.integraldiagnostics.com.au/page/for-investors/</a></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>... our policy on this issue or a summary of it:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
<b>ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES</b>			
-	<p><i>Alternative to Recommendation 1.1 for externally managed listed entities:</i></p> <p>The responsible entity of an externally managed listed entity should disclose:</p> <p>(a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity;</p> <p>(b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.</p>	<p>... the information referred to in paragraphs (a) and (b):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
-	<p><i>Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:</i></p> <p>An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.</p>	<p>... the terms governing our remuneration as manager of the entity:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

# Corporate Governance Statement

Year ended 30 June 2016



This Corporate Governance Statement (Statement) of Integral Diagnostics Limited (IDX) has been prepared in accordance with the Australian Securities Exchange's (ASX) Corporate Governance Principles and Recommendations (third edition) of the ASX Corporate Governance Council (the Recommendations). Pursuant to ASX Listing Rule 4.10.3, this Statement discloses the extent to which the Company has followed the recommendations during the financial year for year ended 30 June 2016, noting where the Company's practices depart from a Recommendation, this Statement identifies the area of divergence and any alternative practices adopted by the Company. The Board considered and applied the Recommendations taking into account the circumstances of the Company.

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 23 September 2016.

The Board of the Company and Senior 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 Company'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 and Relationship with Management;
- Audit, Risk and Compliance Committee Charter;
- People and Remuneration Committee Charter;
- National and State Clinical Leadership Committee Charter;
- Continuous Disclosure Policy;
- Diversity Policy;
- Securities Dealing Policy; and
- Code of Conduct 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

**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 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's role is to:

- Represent and serve the interests of shareholders by overseeing and appraising the Company's strategies, policies and performance. This includes overseeing the financial and human resources the Company has in place to meet its objectives and reviewing management performance;
- Protect and optimise Company performance and build sustainable value for shareholders in accordance with any duties and obligations imposed on the Board by law and the Company's Constitution and within a framework of prudent and effective controls that enable risk to be assessed and managed;
- Set, review and ensure compliance with the Company's values and governance framework (including establishing and observing high ethical standards);

# Corporate Governance Statement continued

Year ended 30 June 2016

- Ensure shareholders are kept informed of the Company's performance and major developments affecting its state of affairs;
- Review the size and composition of the Board, including reviewing the Board's succession plans and the succession of the Chair and Chief Executive Officer;
- Review the criteria for Board membership, including the necessary and desirable competencies of Directors and the time to be committed by Non-Executive Directors to Integral Diagnostics' affairs;
- Ensure the performance of the Board, its Committees and individual Directors are adequately reviewed and develop and implement plans to identify, assess and enhance Director competencies.

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.

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 Mr John Livingston, the Managing Director and Chief Executive Officer, in its entirety. John 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 maintained by the Company Secretary and 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 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 appointing a 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. Directors are required to declare each year that they have not been disqualified from holding the office of Director by the Australian Securities and Investments Commission (ASIC).

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.

Executive Directors and Senior Executives are issued with 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 on all matters to do with the proper functioning of the Board.**

Ms Sonia Joksimovic holds the role of Company Secretary with Integral Diagnostics. Sonia's role is to report directly to the Board through the Chair and is accessible to all Directors. Sonia 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.

**Recommendation 1.5: A listed entity should: (a) have a diversity policy which includes requirements for the Board or a relevant Committee of the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the Board or a relevant Committee of the Board in accordance with the entity's diversity policy and its progress towards achieving them, and either: (1) the respective proportions of men and women on the Board, in Senior Executive positions and across the whole organisation (including how the entity has defined 'Senior Executive' for these purposes); or (2) if the entity is a 'relevant employer' under the Workplace Gender Equality Act, the entity's most recent 'Gender Equality Indicators', as defined in and published under that Act.**

The People and Remuneration Committee 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 workforce, deliver the highest quality services to its customers 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.

In June 2016, the Board set measurable objectives for gender diversity, those being:

1. On the Board a minimum target of 30% female representation;
2. A minimum target of 30% female representation to be achieved at Executive and Senior Management levels; and
3. At least 50% of shortlist candidates for Board, Executive and Senior Management positions are to be female.

The breakdown of gender within the organisation is listed below:

Level in the organisation	Proportion of women	Proportion of men
Board	29%	71%
Executives <sup>1</sup>	0%	100%
Senior Management <sup>2</sup>	37.5%	62.5%
Whole organisation	75%	25%

1. Executives include the following positions: Chief Executive Officer, Chief Financial Officer and Chief Operating Officer.

2. Senior Management includes the following positions: General Managers, Financial Controller, Human Resources Manager, National Marketing Manager, National IT Manager and National Risk and Compliance Manager.

It is noted that the Company has a high proportion of women in its workforce and the Board will continue to review annually the measurable objectives it has set for gender diversity, with a view to increasing diversity at Board, Executive and Senior Management levels.

# Corporate Governance Statement continued

Year ended 30 June 2016

**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 the reporting period in accordance with that process.**

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

Performance is evaluated annually utilising online tools against appropriate and specific measures alongside open questions to thoroughly assess effectiveness at every level.

Following each review:

- The performance of individual Directors is discussed by the Chair with each Director; and in the case of the Chair, by the Chair of the People and Remuneration Committee; and
- The performance of the Board and Committees is discussed by the Board and each Committee.

The above comprehensive process for the Board, each Committee, the Chair and each individual Director was completed in August 2016.

In relation to performance evaluation completed in this reporting period, there were only three (3) continuing Directors from pre-IPO as a new Board was formed with the implementation of the IPO in October, including the establishment of each of the Board sub-committees.

As such, an interim performance evaluation process was completed in this reporting period for the three Directors which included the Chair. Directors and executives completed the online evaluation of the three Directors in November 2015. The performance evaluation outcomes for each of the individuals was formally documented and discussed by the Board. This followed feedback provided by the Chair to the two Directors and the People and Remuneration Chair providing feedback to the Chair on the individual performance evaluation results.

**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 People and Remuneration Committee (PRC), in accordance with its Charter, reviews the Senior Management performance assessment processes. The Senior Executive evaluation process comprises a combination of annual financial and non-financial key performance indicators (KPIs) as well as a formal 360° feedback process.

All KPIs and the 360° feedback process for the Senior Executives are considered by the PRC. The 360° feedback process utilises a formal external tool and includes feedback from radiologists, peers, direct reports and the Board.

The CEO's performance is formally assessed by the Board. An assessment of the performance of other Senior Executives is undertaken by the Board on the basis of recommendations by the CEO, who conducts performance reviews in relation to each Senior Executive.

A performance evaluation for all Senior Executives, including the CEO, was undertaken in the reporting period in accordance with the process disclosed above. The 360° feedback evaluation was completed in December 2015 as well as August 2016.

## Principle 2: Structure the Board to add value

**Recommendation 2.1: The Board of a listed entity should: (a) have a Nomination 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: (3) the Charter of the Committee; (4) the members of the Committee; and (5) as at the end of each reporting period, the number of times the Committee met throughout the period and the individual attendances of the members at those meetings; or (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 Company acknowledges the ASX recommendation that the Board should have a Nomination Committee. In its first reporting period, the Board has chosen to address Nomination Committee matters effectively through the Board as a whole, as reflected in the Board Charter, rather than through a separate Committee. The Board as a whole has discussed Board succession issues to ensure the Board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively as prescribed in the Board Charter.

The Board has developed a skills matrix (as outlined in 2.2 below). The Board intends to establish a Nomination Committee with a documented Charter.

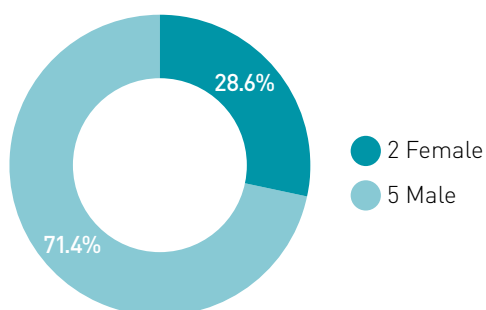
**Recommendation 2.2: A listed entity should have and disclose a Board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.**

The Board has approved a 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 is therefore used when recruiting new Directors and assessing which skills need to be outsourced based on the attributes of the current Board members.

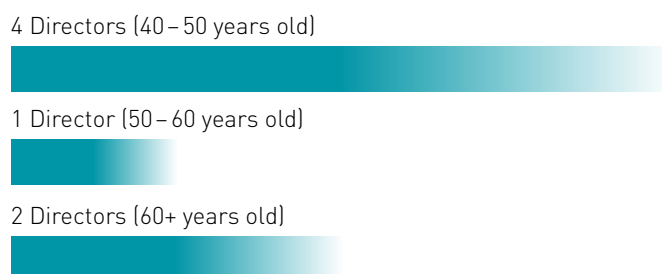
Skill and experience category	Description of attribute	Current board representation <sup>1</sup>
<b>Board experience and governance</b>	Demonstrated commitment to highest standards of governance including experience with companies subject to rigorous governance standards and member of a governance body.	Four Directors
<b>Executive leadership</b>	Sustainable success in business at a Senior Executive level in relevant sectors including health, IT, finance, consumer and professional services.	Five Directors
<b>Healthcare sector experience</b>	Experience as a medical professional, Senior Executive or deep Board experience in the health care services sector.	Five Directors
<b>Strategy development</b>	Experience in developing, implementing and challenging a plan of action designed to achieve the long-term goals of the Company.	Five Directors
<b>Financial and risk management</b>	Experience in financial accounting and reporting, corporate finance and internal controls and/or experience in business risk management. Includes the ability to probe the adequacy of financial and risk controls.	Five Directors
<b>Quality and safety</b>	Experience related to work health and safety governance and/or quality and safety clinical governance.	Five Directors
<b>Regulatory and public policy</b>	Experience in Government relations, public and regulatory policy or qualified legal professional.	Three Directors
<b>Business acquisition and integration</b>	Experience in M&A and implementation/business integration.	Five Directors
<b>Remuneration, organisational development and human resources</b>	Board Remuneration Committee membership or management experience in relation to remuneration, organisational development and human resource management.	Three Directors
<b>Technology strategy and governance</b>	Knowledge and experience in IT, information management and digital strategies.	Four Directors

1. Number of Directors where skills, experience or expertise were assessed as high or medium.

**Gender mix of Directors**



**Age profile of Directors**



The Board currently believes that its membership adequately represents the required skills as set out in the matrix.



# Corporate Governance Statement continued

Year ended 30 June 2016

**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, 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.**

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

<b>Names</b>	<b>Title</b>	<b>Independence</b>	<b>Length of service</b>
Helen Kurincic	Non-Executive Director	Independent	1 December 2014 <sup>2</sup>
John Livingston	Managing Director and Chief Executive Officer	Non-Independent	29 April 2008 <sup>2</sup>
Dr Chien Ping Ho <sup>1</sup>	Executive Director	Non-Independent	29 April 2008 <sup>2</sup>
Dr Sally Sojan <sup>1</sup>	Executive Director	Non-Independent	14 August 2014 <sup>2</sup>
John Atkin	Non-Executive Director	Independent	1 October 2015
Garry Hounsell	Non-Executive Director	Independent	1 October 2015
Rupert Harrington	Non-Executive Director	Non-Independent	1 October 2015

1. Full-time radiologists employed by Integral Diagnostics.

2. Director of Lake Imaging Holdings Pty Ltd, prior to Director of Integral Diagnostics Ltd from 1 October 2015.

Biographies of the Directors are published on the Company's website at <http://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.

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 meeting.

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

The Board consists of three (3) independent Non-Executive Directors, three (3) Executive Directors (CEO and two (2) employed radiologists) and one (1) Non-Independent Non-Executive Director. The Board acknowledges the ASX Recommendation that a majority of the Board should be independent Non-Executive Directors. The Board believes that each of the non-independent Directors brings objective judgement to the Board's deliberations and that each of the non-independent Directors makes invaluable contributions to Integral Diagnostics through their deep understanding of Integral Diagnostics' business.

Doctors Chien Ping Ho and Sally Sojan are employed radiologists and as such, provide deep knowledge and medical expertise in diagnostic imaging.

Rupert Harrington is Executive Chair and major shareholder of Advent Private Capital. During the current year, Advent Funds were a substantial shareholder in Integral Diagnostics, and as such, Rupert is considered by the Board to be Non-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.**

Ms Helen Kurincic is Chair of the Board and is a Non-Executive independent Director of the Company. Mr John Livingston is the Managing Director and Chief Executive Officer.

**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.**

The People and Remuneration Committee Charter provides that the 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.

New Directors have participated in an induction program, coordinated by the Company Secretary, which has included meetings with Directors, executive, management and radiologists, operational site visits and provision of documents such as plans, policies and other Board reference documents.

All Directors have participated in ongoing professional development opportunities. This has included completion of site visits in each State of our operations (Queensland, Victoria, and Western Australia), attendance at the Company's national clinical conference, and briefings from external experts on relevant regulatory, industry and legal developments.

### Principle 3: Act ethically and responsibly

**Recommendation 3.1: A listed entity should: (a) have a code of conduct for its Directors, Senior Executives and employees; and (b) disclose that code or a summary of it.**

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 temporary employees, contractors and Directors must comply with the Code of Conduct.

A copy of the Company's Code of Conduct Policy can be found on the Company's website. <http://www.integraldiagnostics.com.au/page/for-investors/corporate-governance>

### Principle 4: Safeguard integrity in corporate reporting

**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: (3) the Charter of the Committee; (4) the relevant qualifications and experience of the members of the Committee; and (5) in relation to each reporting period, the number of times the Committee met throughout the period and the individual attendances of the members at those meetings; or (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 (4) members, all of whom are Non-Executive Directors and a majority of whom 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
Garry Hounsell (Chair)	Non-Executive Director	Independent
Helen Kurincic	Non-Executive Director	Independent
John Atkin	Non-Executive Director	Independent
Rupert Harrington	Non-Executive Director	Non-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, Senior Executives and other employees and external parties, may be invited to provide information or reports or attend the Committee meeting as required.

# Corporate Governance Statement continued

Year ended 30 June 2016

**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 the financial year ended 30 June 2016 and the half year ended 31 December 2015, Mr John Livingston, Managing Director and Chief Executive Officer and Mr Craig Bremner, Chief Financial Officer of Integral Diagnostics provided the Board with declarations, that in their opinion:

(a) With regard to the integrity of the Financial Report of the Company and its controlled entities (the Group):

- (i) The financial records of the Group for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*.
- (ii) The financial statements and accompanying notes comply in all material respects with the accounting standards as required by section 296 of the *Corporations Act 2001*.
- (iii) The financial statements and accompanying notes give a true and fair view, in all material respects, of the financial position of the Group and the performance of the Group during the financial year, as required by section 297 of the *Corporations Act 2001*.
- (iv) The Company has complied with all other matters prescribed by the regulations in relation to the financial statements and the notes.

(b) With regard to risk management and internal compliance and control systems of the Group:

- (i) The statements made in (a) above regarding the integrity of the financial statements are founded on a sound system of risk management and internal compliance and control which, in all material respects, implements the policies adopted by the Board; and
- (ii) The risk management and internal compliance and control systems of the Group, to the extent they relate to financial reporting, are operating efficiently and effectively, in all material respects, based on criteria for effective internal control established by the Company's risk management policies and processes.
- (iii) Subsequent to balance date, no changes or other matters have arisen that would indicate any material change to the statements in (i) and (ii) above.

**Recommendation 4.3: A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.**

Integral Diagnostics has engaged PricewaterhouseCoopers (PwC) to perform an independent audit of its financial statements. The engagement partner of PwC will be in attendance at the AGM to answer shareholder questions relevant to the audit.

The Company considers that this is important in promoting and encouraging shareholder participation and reflects and supports the role of the auditor and the auditor's accountability to shareholders.

## Principle 5: Make timely and balanced disclosure

**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.**

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>

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

### **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 Senior Executives, Board and Committee Charters, annual reports, ASX announcements and contact details can be found under the section marked 'corporate governance' 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, 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.

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 AGM, scheduled in November this year, 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 AGM 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 AGM, will be provided to the ASX and also be posted on the Company's website.

# Corporate Governance Statement continued

Year ended 30 June 2016

## **Recommendation 6.4: A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.**

The 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 its share registrar, 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.

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>

## **Principle 7: Recognise and manage risk**

**Recommendations 7.1: The Board of a listed entity should: (a) have a Committee or Committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent Directors; and (2) is chaired by an independent Director, and disclose: (3) the Charter of the Committee; (4) the members of the Committee; and (5) as at the end of each reporting period, the number of times the Committee met throughout the period and the individual attendances of the members at those meetings; or (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 Committee's specific function with respect to risk management and compliance are to review and report to the Board that:

- the Committee has, at least annually, reviewed the Company's risk management framework to satisfy itself that it continues to be sound and effectively identifies all areas of potential risk;
- adequate policies and processes have been designed and implemented to manage identified risks;
- a regular program of audits is undertaken to test the adequacy of and compliance with prescribed policies; and
- proper remedial action is undertaken to redress areas of weakness.

The following are intended to form part of the normal procedures for the Committee's risk and compliance responsibilities:

- Monitoring and reviewing the process of identification and management of risk, including:
  - Evaluating the adequacy and effectiveness of the management reporting and control systems used to monitor adherence to policies and guidelines and limits approved by the Board for management of balance sheet risks;
  - Evaluating the adequacy and effectiveness of the Group's identification and management of economic, environmental and social sustainability risks and its disclosure of any material exposures to those risks; and
  - Reviewing and making recommendations to the Board on the strategic direction, objectives and effectiveness of the Group's financial and operational risk management policies and the risk appetite that is appropriate for Integral Diagnostics.

Details of the ARCC members' 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, Senior 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 (b) disclose, in relation to each reporting period, whether such a review has taken place.**

In the reporting period, the Board has approved a Work Health and Safety Policy and a Work Health Safety Framework. The Company has been working towards the development and implementation of an Enterprise Risk Management Framework that includes the development and maintenance of risk registers within each business and at a consolidated group level for the most material risks. This Enterprise Risk Management Framework will help to create a best practice, consistent and rigorous approach to identifying, analysing and evaluating risks, whereby a review will be conducted at least annually by the Audit, Risk and Compliance Committee.

**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 established an internal audit function that will monitor the group wide internal control framework, to provide assurance that the design and operation of the Group's risk management and internal control system is effective.

Internal Audit is independent of External Audit. Internal Audit will use a risk based methodology, including the use of the organisation risk assessment program, in setting the annual internal audit plan.

The head of Internal Audit is jointly accountable to the Audit, Risk and Compliance Committee and Chief Financial Officer. In performing their work, Internal Audit have unrestricted access to review all aspects of the Group's operations. The Audit, Risk and Compliance Committee will review the effectiveness and the performance of the internal auditor, approve the Annual Internal Audit plan, review reports and agreed actions, and ensure that planned audit activities are in alignment to business risks.

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 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 environmental and social sustainability risks.

The Company's material exposure to economic risk includes regulatory policy changes and technological developments. The Company manages this by maintaining strong relationships into Government and the industry. The Company's COO is currently the vice president of the Australian Diagnostic Imaging Association (ADIA), which continues to work with Government to contribute to policy and funding decisions. The Company is positioned to capitalise on technological advancement as it participates in several clinical trials with our vendors, while at the same time maintaining current software platforms through our service contracts.

Refer to the Operating and Financial Review which is contained in our 2016 Annual Report and commentary at Recommendations 7.1 and 7.2 for information on the Company's Risk Management Framework.

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

**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: (3) the Charter of the Committee; (4) the members of the Committee; and (5) as at the end of each reporting period, the number of times the Committee met throughout the period and the individual attendances of the members at those meetings; or (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 People and Remuneration Committee (PRC) to assist the Board with discharging its responsibilities to shareholders with regard to developing and monitoring remuneration policies and practices for the Board, the CEO, the CFO and Senior Executives.

The composition of the PRC consists of four (4) members, all of whom are Non-Executive Directors and a majority of whom are independent Directors. The PRC is chaired by an independent Director, who is not the Chair of the Board.

# Corporate Governance Statement continued

Year ended 30 June 2016

Current members of the Committee are:

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

A copy of the People and Remuneration Committee Charter can be found on the Company's website.  
<http://www.integraldiagnostics.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 Executives 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 2016 Annual Report.

**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 does not currently have any active equity based remuneration schemes.

Our Policy on this issue is contained in our Company's Securities Dealing Policy which is located on the website.