

# 4DMedical Limited - 2020 Corporate Governance Statement

The Board is responsible for establishing the Company's corporate governance framework, the key features of which are set out below. In establishing its corporate governance framework, the Board has referred to the 4th edition of the ASX Corporate Governance Councils' Corporate Governance Principles and Recommendations.

In accordance with ASX Listing Rule 1.1 Condition 16, the corporate governance statement discloses the extent to which the Company follows the recommendations. The Company will follow each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices will follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. In compliance with the "if not, why not" reporting regime, where, after due consideration, the Company's corporate governance practices will not follow a recommendation, the Board has explained its reasons for not following the recommendation and disclosed what, if any, alternative practices the Company will adopt instead of those in the recommendation.

The following governance-related documents can be found on the Company's website at <https://investors.4dmedical.com/Investor-Centre/?page=corporate-governance>:

- a) Anti-Bribery and Corruption Policy;
- b) Audit and Risk Committee Charter;
- c) Board Charter;
- d) Code of Conduct;
- e) Constitution;
- f) Continuous Disclosure Policy;
- g) Diversity Policy;
- h) Occupational Health and Safety Policy;
- i) Remuneration and Nomination Committee Charter;
- j) Securities Trading Policy;
- k) Statement of Values; and
- l) Whistleblower Protection Policy.

The statement has been approved by the Board and is current as at 24 September 2020.

ASX Corporate Governance Council's recommendation	Compliance by the Company
<b>PRINCIPLE 1 - LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b>	
<p>1.1 A listed entity should have and disclose a board charter setting out:</p> <ul style="list-style-type: none"> <li>(a) the respective roles and responsibilities of its board and management; and</li> <li>(b) those matters expressly reserved to the board and those delegated to management.</li> </ul>	<p><b>The Company complies with this recommendation</b></p> <p>The Company has established the respective roles and responsibilities of its Board and management, and those matters expressly reserved to the Board and those delegated to management and has documented these roles and responsibilities in its Board Charter.</p> <p>The responsibilities of the Board include (without limitation) to:</p> <ul style="list-style-type: none"> <li>• represent and serve the interests of shareholders by overseeing and assessing the Company's performance, strategic direction and policies;</li> <li>• optimise the Company's performance to build sustainable values for shareholders;</li> <li>• review the Company's compliance with the Company's values and its governance framework; and</li> <li>• ensure that shareholders are kept informed of the Company's performance.</li> </ul> <p>In exercising its responsibilities, the Board recognises that there are many stakeholders in the operations of the Company, including employees, shareholders, the government, and the community.</p> <p>The Board has delegated responsibility for the day-to-day business operations of the Company to the Chief Executive Officer (who is also the Managing Director) and the management team. The management team, led by the Chief Executive Officer, is accountable to the Board.</p> <p>Matters expressly reserved for the Board are set out in the Board Charter.</p>
<p>1.2 A listed entity should:</p>	<p><b>The Company complies with this recommendation</b></p>

	<p>(a) undertake appropriate checks before appointing a director or senior executive or putting someone forward for election as a director; and</p> <p>(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.</p>	<p>The Company undertakes appropriate checks before appointing a person or putting forward to shareholders a candidate for election as a director and provides shareholders with all material information in its possession relevant to a decision on whether or not to elect a director.</p>
1.3	<p>A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>	<p><b>The Company complies with this recommendation</b></p> <p>The Company has a written agreement with each of the Directors and senior executives setting out the terms of his or her appointment.</p>
1.4	<p>The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.</p>	<p><b>The Company complies with this recommendation</b></p> <p>The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board. The Company Secretary is responsible for coordination of all Board business, including agendas, board papers, minutes, communication with regulatory bodies and ASX, and all statutory and other filings.</p>
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><b>The Company complies/will comply with this recommendation</b></p> <p>The Board and executive leadership team are committed to workforce diversity in its broadest sense and consider this diversity and inclusiveness as a strength of the business and an investment in the creation of a sustainable business capable of delivering long term shareholder value.</p> <p>The Diversity Policy of the Company came into effect upon admission of the company on the ASX on 7 August 2020. The 4DMedical Diversity Policy is available on the 4DMedical website at <a href="https://investors.4dmedical.com/Investor-Centre/?page=corporate-governance">https://investors.4dmedical.com/Investor-Centre/?page=corporate-governance</a>.</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:

- (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 policy recognises that diversity not only includes gender diversity, but also includes other matters such as, age, ethnicity, religious, cultural background and sexual orientation, and includes requirements for the Board to establish measurable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress in achieving them. The policy includes a commitment to diversifying recruitment and merit-based appointments, as well as recognition that the Company will not tolerate workplace discrimination, harassment, vilification, or victimisation.

The Board did not have a formal diversity policy or set annual measurable objective for the 2020 reporting period on the basis that the Company was not yet listed. While there was no formal policies and goals in place 4DMedical has always had a commitment to workforce diversity and recognises the importance it has on the organisations performance as well as improving employee retention and enhancing the Company's reputation.

#### Gender diversity

Below is a summary of 4DMedical's female participation based on the following employment categories:

Category	Females as a percentage of total
Non-executive directors	33.33%
Senior executives*	22.22%
Whole workforce	29.27%

*\*Senior executives have been defined as the Chief Executive Officer and his direct reports.*

#### Initiatives

The Company is committed to improving female representation in senior management roles, ensuring there is no discrimination within the organisation and encouraging diversity of thought. The Company continues to undertake a number of initiatives, designed in part to facilitate our commitment to an inclusive and diverse workplace:

		<ul style="list-style-type: none"> <li>• <b>Pay equity</b> - The Company's commitment to pay equity forms part of its annual remuneration review process.</li> <li>• <b>Recruitment</b> - Additionally, diversity, in the broadest sense, forms part of the Company's assessment of candidates for all roles, in recognition of the diversity and geographic dispersion of, and to better serve, our customers and stakeholders. The Company will continue to review its approach to recruitment, and that of recruitment agencies acting on its behalf, to ensure that approach is not inadvertently limiting the diversity of candidates in the talent pipeline.</li> </ul>
1.6	<p>A listed entity should:</p> <ul style="list-style-type: none"> <li>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</li> <li>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</li> </ul>	<p><b>The Company complies/will comply with this recommendation</b></p> <p>Each year the Board will undertake a performance evaluation of the Board, individual directors and the Chairman in accordance with its performance evaluation process as set out at Annexure 2 of the Board Charter (<b>Performance Evaluation Process</b>). The Performance Evaluation Process includes a peer assessment by way of confidential survey and subsequent discussion in relation to the feedback from the peer assessment. A similar process will be undertaken by the Board for each Committee.</p> <p>This Performance Evaluation Process is to ensure:</p> <ul style="list-style-type: none"> <li>• individual Directors and the Board as a whole work efficiently and effectively in achieving their functions;</li> <li>• the executive Directors and key executives execute the Company's strategy through the efficient and effective implementation of the business objectives; and</li> <li>• committees to which the Board has delegated responsibilities are performing efficiently and effectively in accordance with the duties and responsibilities set out in the board charter.</li> </ul> <p>This policy will be reviewed annually. The Board will disclose during for the relevant reporting period, an evaluation of the Board, its committees and individual directors has taken place in accordance with the Company's policy.</p>

		The Board Charter of the Company came into effect upon admission of the company on the ASX on 7 August 2020. A performance evaluation of the Board in the FY20 reporting period in accordance with the Performance Evaluation Process set out in the Board Charter was not undertaken on the basis that the Company was not yet listed.
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><b>The Company will comply with this recommendation</b></p> <p>The Remuneration and Nomination Committee will be responsible for evaluating the performance of the Company's executive team (including the CEO) in accordance with the Performance Evaluation Process.</p> <p>The Company will disclose in its annual corporate governance statement whether the performance evaluation has been undertaken in accordance with the Performance Evaluation Process.</p> <p>The Board Charter of the Company came into effect upon admission of the company on the ASX on 7 August 2020. A performance evaluation of the senior executives in the FY20 reporting period in accordance with the Performance Evaluation Process set out in the Board Charter was not undertaken on the basis that the Company was not yet listed.</p>

## PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE

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>The Company partially complies with this recommendation</p> <p>The Company's Remuneration and Nomination Committee is responsible for developing criteria for Board membership and identifying specific individuals for nomination.</p> <p>As at 24 September 2020, the Remuneration and Nomination Committee comprises of two Directors:</p> <ul style="list-style-type: none"> <li>• John Livingston (Chair); and</li> <li>• Julian Sutton.</li> </ul> <p>The Remuneration and Nomination Committee does not contain a majority of independent Directors and the chair is not an Independent Director. However, the Company considers that the current composition of</p>
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	<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>the committee is suitable for the Company given its resources, size and operations. In particular, given the reason for John Livingston and Julian Sutton being considered not "independent" is due to both Directors having entered into historical material consultancy or services agreements with the Company in the last 3 years, and such agreements having been terminated prior to listing, the Company considers that their practical independence is not compromised by virtue of their historical commercial arrangements, and their appointment to the Remuneration and Nomination Committee is not inconsistent with the underlying policy of Principle 2.1.</p> <p>The duties of the Remuneration and Nomination Committee in relation to nominations are set out in the Company's Remuneration and Nomination Committee Charter.</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><b>The Company complies with this recommendation</b></p> <p>The professional skills, experience and expertise of each Director are set out in the Directors' report, contained within the Company's 2020 Annual Report.</p> <p>The Directors possess a range of skills which, as a group, enable the Board to function effectively. The key skills of the Directors collectively are:</p> <ul style="list-style-type: none"> <li>• Board experience;</li> <li>• Health Technology,</li> <li>• Industry and technical expertise;</li> </ul>

		<ul style="list-style-type: none"> <li>• Financial acumen;</li> <li>• Strategy and leadership;</li> <li>• Commercial;</li> <li>• Corporate governance;</li> <li>• Legal, risk and compliance;</li> <li>• Mergers &amp; Acquisitions.</li> </ul>
2.3	<p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p>	<p><b>The Company complies with this recommendation</b></p> <p>The Board considers the independence of directors having regard to the relationships listed in Box 2.3 of the Principles and Recommendations.</p> <p>Currently the Board is structured as follows:</p> <ul style="list-style-type: none"> <li>• Andreas Fouras (Managing Director and Chief Executive Officer) appointed on 17 December 2012;</li> <li>• Heath Lee (Executive Director and Chief Financial Officer) appointed as Non-executive Director on 1 July 2016, and transitioned to Executive Director following his appointment as Chief Financial Officer on 1 January 2020;</li> <li>• Bruce Rathie (Independent Non-executive Chair) appointed on 11 December 2019;</li> <li>• Robert Figlin (Independent Non-executive Director) appointed on 9 December 2016;</li> <li>• Julian Sutton (Non-executive Director) appointed 15 September 2017;</li> <li>• Lusia Guthrie (Independent Non-executive Director) appointed 13 December 2017;</li> <li>• John Livingston (Non-executive Director) appointed 7 March 2018; and</li> </ul>





		<ul style="list-style-type: none"> <li>• Lil Bianchi (Independent Non-executive Director) appointed 11 December 2019.</li> </ul> <p>Directors Andreas Fouras and Heath Lee are Executive Directors and therefore are not considered to be independent.</p> <p>Non-executive Directors Julian Sutton and John Livingston are currently considered by the Board not to be independent as:</p> <ul style="list-style-type: none"> <li>• Julian has, up until the date the Prospectus was lodged, entered into a Services Agreement (which terminated prior to the date of the Prospectus) with the Company as well as having entered into an (also now terminated) Introducer Agreement with the Company; and</li> <li>• John (via his entity John Livingston Pty Ltd) entered into a Consultancy Agreement with the Company (and which terminated prior to the date the Prospectus was lodged).</li> </ul> <p>Details of both Julian and John's historical commercial agreements referred to above are set out in the Prospectus at Section 6.4.1.</p> <p>In this regard, for the purposes of the Principles and Recommendations, Julian and John's historical commercial agreements with the Company may affect their characterisation as an "independent" Director under the Principles and Recommendations (as the agreements were in place in the last 3 years). Notwithstanding this, and given those agreements have now been terminated, the Board considers that both Directors are able to objectively analyse the issues before the Board and act in the best interest of all Shareholders and the Company and in accordance with their duties as Directors.</p> <p>The Managing Director and Chief Executive Officer Andreas Fouras has a substantial holding in the Company via an associated entity Velocimetry Consulting Pty Ltd. However, no Non-Executive Director currently holds a substantial holding in the Company.</p>
2.4	A majority of the board of a listed entity should be independent directors.	<p><b>The Company does not comply with this recommendation</b></p> <p>As at 24 September 2020, the Board does not comprise of a majority of independent Directors. However, the Company considers that the current composition of the Board is suitable for the Company given its</p>

		<p>resources, size and operations. In particular, the current size and composition of the Board has been determined having regard to the operations and skill set of the Directors both individually and collectively, and the best interest of Shareholders.</p> <p>Furthermore, the reason the Board does not currently comprise of a majority of independent Directors is due to Directors Julian Sutton and John Livingston having entered into material consulting arrangements with the Company in the previous 3 years. As noted above in 2.3, these arrangements have now been terminated that the Board considers that both Directors are able to objectively analyse the issues before the Board and act in the best interest of all Shareholders and the Company and in accordance with their duties as Directors.</p>
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.	<p><b>The Company complies with this recommendation</b></p> <p>Bruce Rathie, the Chair of the Board, is an independent director and is not the same person as the Chief Executive Officer and Managing Director.</p>
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.	<p><b>The Company complies with this recommendation</b></p> <p>The Remuneration and Nomination Committee Charter requires that committee to be responsible for ensuring that processes are in place to support Director induction programs and provide continuing professional development opportunities for Directors, regularly review the effectiveness of these processes and recommend professional development opportunities to address any gaps in the Directors' skills, knowledge and experience.</p>
<p><b>PRINCIPLE 3 - ACT ETHICALLY AND RESPONSIBLY</b></p>		
3.1	<p>A listed entity should:</p> <ul style="list-style-type: none"> <li>(a) have a code of conduct for its directors, senior executives and employees; and</li> <li>(b) disclose that code or a summary of it.</li> </ul>	<p><b>The Company complies with this recommendation</b></p> <p>The Company has a formal Code of Conduct which outlines the manner in which the Company expects its Directors and employees to behave and conduct business in the workplace. The Code of Conduct applies to all employees, Directors, Senior Executives, temporary employees, contractors and consultants and relevant third parties of the Company.</p>

		<p>The objectives of the Code of Conduct are to:</p> <ul style="list-style-type: none"> <li>• provide a benchmark for ethical and professional behaviour;</li> <li>• promote healthy, respectful and positive working environments for all employees and Directors;</li> <li>• ensure that there is compliance with laws, regulations, policies and procedures relevant to the Company;</li> <li>• ensure there are appropriate mechanisms and procedures in place for employees and Directors to report breaches of the Code of Conduct;</li> <li>• ensure that the Board or a committee of the Board is informed of any material breach of the Code of Conduct; and</li> <li>• ensure that employees and Directors are aware of the consequences for breaching the Code of Conduct.</li> </ul> <p>The Code of Conduct is available on the Company's website at:  <a href="https://investors.4dmedical.com/Investor-Centre/?page=corporate-governance">https://investors.4dmedical.com/Investor-Centre/?page=corporate-governance</a></p>
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**PRINCIPLE 4 - SAFEGUARD INTEGRITY IN CORPORATE REPORTING**

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 nonexecutive directors and a majority of whom are independent directors; and</p>	<p><b>The Company partially complies with this recommendation</b></p> <p>The Company has an Audit and Risk Committee. However, the Company does not fully comply with Recommendation 4.1 as the committee comprises of two members, both being independent Directors. However, the Company considers that the current composition of the committee are suitable for the Company given its resources, size and operations.</p> <p>The Audit and Risk Committee assists the Board in fulfilling its responsibilities for corporate governance and oversight of the Company's financial and corporate reporting, risk management and compliance structures and external functions.</p>
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	<p>(2) is chaired by an independent director, who is not the chair of the board, 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>The Committee comprises of:</p> <ul style="list-style-type: none"> <li>• Lil Bianchi (Chair); and</li> <li>• Lusia Guthrie.</li> </ul> <p>The relevant qualifications and experience of the members of the committee are set out in the Directors' Report, which is contained in our 2020 Annual Report.</p> <p>The Audit and Risk Committee Charter sets out:</p> <ul style="list-style-type: none"> <li>• the composition of the Committee, including that the Committee should comprise of: <ul style="list-style-type: none"> <li>○ only Non-Executive Directors;</li> <li>○ a majority of independent Directors of the Company;</li> <li>○ an independent Chair, who is not Chair of the Board; and</li> <li>○ a minimum of three members.</li> </ul> </li> <li>• the Committee's ability to have access to Company records and employees and the external auditor for the purposes of carrying out its responsibilities;</li> <li>• that the Committee may seek the advice of independent advisors on any matter relating to the responsibilities and duties of the Committee; and</li> <li>• the specific responsibilities of the Committee in relation to: <ul style="list-style-type: none"> <li>○ overseeing the Company's relationship with its external and internal auditors and audit functions generally;</li> <li>○ overseeing the preparation of financial statements and reports; and</li> <li>○ managing the process of identification of risk and the management of risk strategies.</li> </ul> </li> </ul>
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		The Audit and Risk Committee Charter sets out that the Board will make the Audit and Risk Committee Charter available on its website and at the end of each reporting period it will disclose the number of times the Audit and Risk Committee met throughout that year and the individual attendances of the members at those meetings.
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.	<p><b>The Company complies with this recommendation.</b></p> <p>Prior to approval of the financial statements for the full-year and half-year reporting period, the Board receives written certifications from the Managing Director &amp; Chief Executive Officer, and the Chief Financial Officer in relation to the Company's financial reporting processes.</p> <p>In respect of the financial statements for the half-year ended 31 December 2019 and the full-year ended 30 June 2020, the Managing Director &amp; Chief Executive Officer and the Chief Financial Officer declared that, in their opinion:</p> <ul style="list-style-type: none"> <li>• the financial records of the Company have been properly maintained; and</li> <li>• the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company; and</li> <li>• that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</li> </ul>
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.	<p><b>The Company complies with this recommendation.</b></p> <p>The Company ensures that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>

## PRINCIPLE 5 - MAKE TIMELY AND BALANCED DISCLOSURE

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.	<b>The Company complies with this recommendation.</b>  The Company is committed to: <ul style="list-style-type: none"><li>• ensuring that shareholders and the market are provided with full and timely information about its activities;</li><li>• complying with the continuous disclosure obligations contained in the Listing Rules and the applicable sections of the Corporations Act; and</li><li>• providing equal opportunity for all stakeholders to receive externally available information issued by the Company in a timely manner.</li></ul> The Company has adopted a Continuous Disclosure Policy, which: <ul style="list-style-type: none"><li>• provides reporting protocols and processes for determining whether information should be disclosed to the market; and</li><li>• designates responsibility for managing and monitoring the Company's compliance with its continuous disclosure obligations.</li></ul> All relevant information provided to the ASX is posted on the Company's website after the ASX confirms the appropriate announcement has been made.
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## PRINCIPLE 6 - RESPECT THE RIGHTS OF SECURITY HOLDERS

6.1	A listed entity should provide information about itself and its governance to investors via its website.	<b>The Company complies with this recommendation.</b>  The Company provides information about itself and its governance to investors via its Investor Centre website at <a href="https://investors.4dmedical.com/Investor-Centre/">https://investors.4dmedical.com/Investor-Centre/</a> .
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		<p>The Company is committed to maintaining a Company website with general information about the Company and its operations and information specifically targeted at keeping the Company’s shareholders informed about the Company. In particular, where appropriate, after confirmation of receipt by ASX, the following is posted to the Company website:</p> <ul style="list-style-type: none"> <li>• relevant announcements made to the market via ASX;</li> <li>• media releases;</li> <li>• investment updates;</li> <li>• Company presentations and media briefings; and</li> <li>• copies of press releases and announcements for the preceding three years.</li> </ul>
6.2	<p>A listed entity should have an investor relations program that facilitates effective two-way communication with investors.</p>	<p><b>The Company complies with this recommendation.</b></p> <p>The Company's Continuous Disclosure policy also incorporates a shareholder communication policy which is aimed at providing and promoting an effective framework for the Company for communication with Shareholders to ensure that the Shareholders have sufficient information to assess the performance of the Company and are informed of all major developments affecting the Company.</p> <p>The policy sets out:</p> <ul style="list-style-type: none"> <li>• the manner in which Company announcements are to be made (including that they must be made in a timely manner, easily accessible, readable, clear and objective);</li> <li>• the regular communications to be received by Shareholders from the Company;</li> <li>• that Shareholders may elect to receive electronic communications;</li> <li>• the manner in which the Company’s website is to be used to communicate with Shareholders; and</li> <li>• the manner meetings of Shareholders are to be conducted.</li> </ul>



		<p>In addition, the Company is required by law to communicate to Shareholders through the lodgement of all relevant financial and other information with ASX and, in some instances, mailing information to Shareholders.</p> <p>The Company has an investor relations contact with whom investors will be able to contact.</p>
6.3	A listed entity should disclose how it facilitates and encourages participation at meetings of security holders	<p><b>The Company complies with this recommendation.</b></p> <p>The Board encourages full participation of Shareholders at meetings to ensure a high level of accountability and identification with the Company’s strategies and goals. Due to the size and nature of the Company, the Board does not consider a policy outlining the policies and processes that it has in place to facilitate and encourage participation at meetings of shareholders to be appropriate at this stage. However, the shareholder communication policy which is set out in the Continuous Disclosure Policy sets out how the Company facilitates shareholder participation at shareholder meetings, including:</p> <ul style="list-style-type: none"> <li>• Shareholders being encouraged to attend or, if unable to attend, to vote on the motions proposed by appointing a proxy or any other means included in the notice of meeting;</li> <li>• general meetings will generally be held in a location and at a time which is intended to maximise participation by shareholders;</li> <li>• full participation of shareholders at general meetings is encouraged to ensure a high level of accountability and identification with the Company's strategies and goals;</li> <li>• Shareholders having the opportunity to submit questions prior to each annual meeting; and</li> <li>• that the Managing Director and CEO, senior management and auditors will be present to assist with providing answers at annual meetings.</li> </ul>
6.4	A listed entity should give security holders the option to receive communications from, and send	<p><b>The Company complies with this recommendation.</b></p> <p>Shareholders are given the option to receive communications from, and send communication to, the Company and its share registry electronically. To ensure that shareholders can obtain all relevant</p>



	communications to, the entity and its security registry electronically.	information to assist them in exercising their rights as shareholders, the Company has made available a telephone number and relevant contact details (via the website) for shareholders to make their enquiries.
<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,</p> <p>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</p>	<p><b>The Company partially complies with this recommendation.</b></p> <p>The Company has an Audit and Risk Committee. However, the Company does not comply with Recommendation 7.1 as the committee comprises of two members, both being independent Directors. However, the Company considers that the current composition of the committee are suitable for the Company given its resources, size and operations.</p> <p>The Audit and Risk Committee assists the Board in fulfilling its responsibilities for corporate governance and oversight of the Company's financial and corporate reporting, risk management and compliance structures and external functions.</p> <p>The Committee comprises of:</p> <ul style="list-style-type: none"> <li>• Lil Bianchi (Chair); and</li> <li>• Lusia Guthrie.</li> </ul> <p>The relevant qualifications and experience of the members of the committee are set out in the Directors' Report, which is contained in our 2020 Annual Report.</p> <p>The Audit and Risk Committee Charter sets out:</p> <ul style="list-style-type: none"> <li>• the composition of the Committee, including that the Committee should comprise of:</li> <li>• only Non-Executive Directors;</li> <li>• a majority of independent Directors of the Company;</li> <li>• an independent Chair, who is not Chair of the Board; and</li> </ul>

	<p>that fact and the processes it employs for overseeing the entity’s risk management framework.</p>	<ul style="list-style-type: none"> <li>• a minimum of three members.</li> <li>• the Committee’s ability to have access to Company records and employees and the external auditor for the purposes of carrying out its responsibilities;</li> <li>• that the Committee may seek the advice of independent advisors on any matter relating to the responsibilities and duties of the Committee; and</li> <li>• the specific responsibilities of the Committee in relation to: <ul style="list-style-type: none"> <li>• overseeing the Company’s relationship with its external and internal auditors and audit functions generally;</li> <li>• overseeing the preparation of financial statements and reports; and</li> <li>• managing the process of identification of risk and the management of risk strategies.</li> </ul> </li> </ul> <p>The Audit and Risk Committee Charter sets out that the Board will make the Audit and Risk Committee Charter available on its website and at the end of each reporting period it will disclose the number of times the Audit and Risk Committee met throughout that year and the individual attendances of the members at those meetings.</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 that the entity is operating with due regard to the risk appetite set by the board; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p><b>The Company will comply with this recommendation.</b></p> <p>The Board will review the Company’s risk management framework annually to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material business risks the Company faces and to ensure that the Company is operating within the risk appetite set by the Board. The Board will disclose at the end of each reporting period whether the Audit and Risk Committee has undertaken such review.</p> <p>A review of the entity’s risk management framework in the FY20 reporting period was not undertaken on the basis that the Company was not yet listed.</p>



7.3	<p>A listed entity should disclose:</p> <ul style="list-style-type: none"> <li>(a) if it has an internal audit function, how the function is structured and what role it performs; or</li> <li>(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 governance, risk management and internal control processes.</li> </ul>	<p><b>The Company will comply with this recommendation.</b></p> <p>The Company has an Audit and Risk Committee of the Board in place to provide suitable oversight of the internal audit function.</p> <p>The Company’s internal audit function, how the function is structured and what role it performs had not been fully determined for the FY20 reporting period on the basis that the Company was not yet listed.</p> <p>The Company is in the process of rolling out an internal audit function as part of its ISO 13485 quality management system and has approved audit documents including an audit operating procedure, audit checklist, internal audit report and internal audit schedule. The operating procedure outlines the responsible parties of internal auditing within the company, and details requirements of the internal audit schedule, audit preparation, conduct of internal audit, internal audit reports and records, as well as third party audits.</p> <p>Nominated employees of the company have been externally trained as internal auditors.</p> <p>Evaluation of effectiveness and continual improvement of the Company’s governance, risk management and internal control processes are governed by the Company’s quality management system.</p>
7.4	<p>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.</p>	<p><b>The Company will comply with this recommendation.</b></p> <p>The Company is subject to general risks and certain specific risks as was outlined in the Company’s Prospectus.</p> <p>In addition to where the Company has identified those general and specific risks to which it has a material exposure, and disclosed how it intends to manage those risks, the Audit and Risk Committee will be responsible in respect to risk management as disclosed in the Audit and Risk Committee Charter.</p> <p>As at 24 September 2020, the Company has not identified any material exposure to economic, environmental or social risks.</p>

## PRINCIPLE 8 - REMUNERATE FAIRLY AND RESPONSIBLY

<p>8.1</p>	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <ol style="list-style-type: none"> <li>(1) has at least three members, a majority of whom are independent directors; and</li> <li>(2) is chaired by an independent director,</li> </ol> <p>and disclose:</p> <ol style="list-style-type: none"> <li>(3) the charter of the committee;</li> <li>(4) the members of the committee; and</li> <li>(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</li> </ol> <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</p>	<p><b>The Company partially complies with this recommendation.</b></p> <p>As at 24 September 2020, the Company does not comply with Recommendation 8.1 as the Remuneration and Nomination Committee does not contain at least three members and the majority of members are not independent Directors nor is the Chair an independent Director. However, the Company considers that the current composition of the committee is suitable for the Company given its resources, size and operations.</p> <p>The role of the Remuneration and Nomination Committee is to make recommendations to the Board on remuneration packages and policies in respect of Directors and senior executives of the Company and to ensure that the remuneration packages and policies adopted by the Board are consistent with the strategic objectives of the Board.</p> <p>The Remuneration and Nomination Committee comprises of:</p> <ul style="list-style-type: none"> <li>• John Livingston (Chair); and</li> <li>• Julian Sutton.</li> </ul> <p>In particular, given the reason for John Livingston and Julian Sutton being considered not "independent" is due to both Directors having entered into historical material consultancy or services agreements with the Company in the last 3 years, and such agreements having been terminated prior to listing, the Company considers that their practical independence is not compromised by virtue of their historical commercial arrangements, and their appointment to the Remuneration and Nomination Committee is not inconsistent with the underlying policy of Principle 8.1.</p> <p>The Remuneration and Nomination Charter sets out the composition of the Committee, including that the Committee should comprise of:</p> <ul style="list-style-type: none"> <li>• a minimum of three members; and</li> </ul>
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	<p>ensuring that such remuneration is appropriate and not excessive.</p>	<ul style="list-style-type: none"> <li>• an independent Director of the Company as Chair.</li> </ul> <p>The Remuneration and Nomination Committee is responsible for:</p> <ul style="list-style-type: none"> <li>• reviewing and making recommendations to the Board on the Company’s remuneration framework, remuneration packages and policies which apply to senior executives and Directors;</li> <li>• reviewing and making recommendations to the Board on the equity-based remuneration plans available to the executive team and employees;</li> <li>• ensuring that the Company’s remuneration packages and policies attract, retain and motivate high calibre executives and employees; and</li> <li>• establishing a review processes for the performance of Directors, Board committees and the Board as a whole and the implementation of those processes.</li> </ul>
<p>8.2</p>	<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><b>The Company complies with this recommendation.</b></p> <p>The Remuneration and Nomination Committee (<b>RNC</b>) is responsible for developing, reviewing, making recommendations and providing assistance and advice to, the Board on the remuneration arrangements for directors and executives. The role of the RNC is set out in more detail in its charter, available on the 4DMedical website at <a href="https://investors.4dmedical.com/Investor-Centre/?page=corporate-governance">https://investors.4dmedical.com/Investor-Centre/?page=corporate-governance</a>.</p> <p>The performance of the Group depends on the quality of its directors and executives. To that end, the Company's remuneration philosophy is to attract, motivate and retain high performance and high-quality talent.</p> <p>The Group's executive reward framework is based on objectives to:</p> <ul style="list-style-type: none"> <li>• accelerate growth and profitability;</li> <li>• align senior executive rewards with achievement of strategic objectives and the delivery of shareholder value; and</li> </ul>



- provide competitive remuneration packages that recognise both individual and organisational performance.

### ***Elements of executive remuneration***

#### *Fixed remuneration*

The fixed remuneration component consists of base salary, superannuation and other non-monetary benefits. It is designed to reward the scope of their role and responsibilities, their skills, experience and qualification and individual and group performance, and is set at a level to attract and retain executive talent with the appropriate capabilities to deliver the Company's objectives.

Fixed remuneration is generally reviewed annually, however, there is no guaranteed annual increase. Any adjustments to Executive KMP remuneration are approved by the Board, based on RNC recommendations.

#### *STI*

The Company established a new Short Term Incentive (STI) plan with effect from its listing. The STI plan provides executives with the opportunity to earn an annual incentive award which is delivered in cash.

The key objectives of the STI plan are to drive and reward outstanding performance against annual strategic financial and operational performance objectives, promote effective management of capital, and position the Company to continuously achieve in future years.

#### *LTI*

The Company established a new LTI plan with effect from its listing. The objective of that LTI plan is to assist in the motivation, retention and reward of executives, and to link the long-term reward for those executives with the creation of shareholder value through the allocation of equity awards which are subject to specific performance conditions.

Prior to the establishment of the LTI plan, awards were granted to some directors and employees of the Company in the period from 15 January 2017 and 1 March 2020 in accordance with the Company's former

		remuneration and incentive arrangements. A number of those options issued under those legacy arrangements remain in existence.
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><b>The Company complies with this recommendation.</b></p> <p>The Company's Securities Trading Policy includes a statement on the Company's policy on prohibiting restricted persons under that policy (i.e. directors, senior executives and specified employees) from entering into transactions (whether through the use of derivatives or otherwise) designed to hedge their exposure to the Company's securities.</p> <p>Further and more generally, in accordance with ASX Listing Rule 12.9, the Securities Trading Policy sets out the following information:</p> <ul style="list-style-type: none"> <li>• closed periods in which restricted persons must not deal in the Company's securities;</li> <li>• restrictions on trading that apply to the entity's key management personnel (amongst other personnel that are deemed to be "restricted persons");</li> <li>• trading in the Company's securities which is not subject to the Company's trading policy; and</li> <li>• the procedures for obtaining written clearance for trading in exceptional circumstances.</li> </ul> <p>The Company's Security Trading Policy is available on the Company's website at: <a href="https://investors.4dmedical.com/Investor-Centre/?page=corporate-governance">https://investors.4dmedical.com/Investor-Centre/?page=corporate-governance</a>.</p>