

Corporate Governance Statement

Vectus Biosystems Limited
and Controlled Entity

ACN 117 526 137



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Corporate Governance Statement

The Board and the Corporate Governance Committee of Vectus Biosystems Limited (Vectus or the Company) draw on relevant best practice principles, particularly those issued by the Australian Securities Exchange (ASX) Corporate Governance Council's fourth edition of the publication, "Corporate Governance Principles and Recommendations", which was released on 27 February 2019 and is referred to for guidance purposes. While the Company attempts to adhere to the principles proposed by the ASX, and the Directors believe that Vectus complies with the underlying guidelines of the ASX, it is mindful that there are some instances where compliance is not practicable for a company of its size. However all listed companies are required to produce a corporate governance statement that discloses the extent to which the entity has followed the recommendations, and to identify any recommendations that have not been followed, the period during which they were not followed, the reasons for not doing so and any alternative governance practices that have been adopted in lieu of the recommendation.

This Corporate Governance Statement reports on the corporate governance principles and practices followed by the Company, in accordance with ASX Listing Rules 4.7.4 and 4.10.3, for the period from 1 July 2022 to 30 June 2023 (i.e. the recent reporting period). Vectus' Corporate Governance Committee Chair reviewed the Company's 2023 Corporate Governance Statement with the Company Secretary on 9 August 2023, and the Board of Directors approved the Company's Corporate Governance Statement on 16 August 2023. In many cases Vectus was already achieving the standards required. In other cases the Company has considered other arrangements to enable compliance. In a number of instances, Vectus has determined not to meet the standards set out in the recommendations, largely due to the recommendation being considered by the Board to be unduly onerous and costly for a company of its size.

The Board is responsible for the overall corporate governance of the Company. Issues of substance affecting Vectus are considered by the full Board, with advice from the Board's Committees, senior management and other external advisors as required. Each Director brings an independent view and judgement to the Board, and must promptly declare all conflicts of interest. Directors do not participate in discussions or resolutions pertaining to any matter in which they have a material personal interest unless the non-conflicted Directors have separately agreed to their participation.

The responsibilities of the Board are set down in Vectus' Board Charter, which is available in the Company's Corporate Governance Compliance Manual along with all of its Charters and Policies, located in the Investor Centre section of Vectus' website (www.vectusbiosystems.com.au) under Corporate Governance.

Board Committees

The Board has five Committees to assist it in fulfilling its responsibilities, being the:

- (a) Audit and Risk Management Committee;
- (b) Remuneration and Nomination Committee;
- (c) Corporate Governance Committee;
- (d) R&D and Innovation Committee; and
- (e) Disclosure Committee.

Each of these Committees has the responsibilities described in their Committee Charters, with (a) and (b) having been prepared with regard to the ASX Recommendations, which were adopted by Vectus and can be found in the Company's Corporate Governance Compliance Manual on its website. The Board may also establish other committees from time-to-time to assist in the discharge of its responsibilities.

Corporate Governance Principles

Vectus has also adopted these policies, codes and charters, which are in the Company's Corporate Governance Compliance Manual available on the Company's website:

Corporate Code of Conduct

This policy sets out Vectus' responsibilities to shareholders, the financial community, customers, suppliers, the general community and individuals, and guides the Company's compliance with legal and other obligations;

Diversity Policy

This policy sets out Vectus' commitment to promoting diversity amongst its Board, at management level and within the Group as a whole;

Securities Trading Policy

This policy restricts employees and Directors from dealing with the Company's shares at times when the market may not be fully informed as to Vectus' activities. When they are in possession of unpublished price-sensitive information, employees and Directors may not trade in the Company's securities. In addition, they cannot trade during designated Blackout or Closed Periods. The policy explains how insider trading laws affect employees' and Directors' dealings in Vectus' shares;

Continuous Disclosure Policy

This policy describes reporting lines and decision-making processes that are designed to ensure that the Company complies with its continuous disclosure obligations under the ASX Listing Rules and the Corporations Act;

Shareholders Communications Policy

This policy describes Vectus' practices for ensuring effective communication with its shareholders, sets out the standards, protocols and law relating to disclosure of the Company's information, and sets out the requirements expected from all Directors, senior management and employees for complying with Vectus' policy on disclosure of price-sensitive information;

Privacy Policy

This policy describes the Company's commitment to protecting the privacy of all the individuals it has dealings with and sets out Vectus' requirements for handling personal information;

Whistleblower Policy

This policy encourages whistleblowers to make whistleblower disclosures without fear of victimisation; explains how the Company will manage allegations of illegal or unethical conduct in a lawful, fair, consistent and timely manner; and outlines the procedures and protections that apply to whistleblowers under the Corporations Act 2001 (Cth) and Taxation Administration Act 1953 (Cth);

Anti-Bribery and Corruption Policy

This policy provides clear procedures for employees and other personnel in relation to bribery and corruption issues that may arise in the course of their employment; provides guidelines for the offering or acceptance of gifts or hospitality; assists in the protection of Vectus' reputation, business and interests; provides a reporting mechanism for allegations of bribery and corruption; and assists in compliance with legal obligations; and

Modern Slavery Policy

This policy provides guidance about best practices to minimise the risk of modern slavery in the Company's supply chain; mandates compliance with modern slavery legislation; recognises the risk of modern slavery in Vectus' supply chain and the detrimental effects of modern slavery on others; and improves the Company's practices to address the risk of modern slavery in its supply chain.

Compliance with the Fourth Edition of the ASX Corporate Governance Council's Principles and Recommendations

Vectus is required to report its compliance with, and departures from, the ASX Recommendations in its annual Corporate Governance Statement released to ASX and included on the Company's website at <http://www.vectusbiosystems.com.au/investor-centre/corporate-governance>. Vectus' compliance with, and departures from, the ASX Recommendations are set out below.

Corporate Governance Principles and Recommendations (4 th Edition)	Explanation
Recommendation 1.1 A listed entity should have and disclose a board charter setting out: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	The Company has and discloses a Board Charter setting out the respective roles and responsibilities of its Board and management, and the functions reserved by the Board and those delegated to senior management. This document is available in Vectus' Corporate Governance Compliance Manual in the Investor Centre section of the Company's website at www.vectusbiosystems.com.au under the Corporate Governance heading.
Recommendation 1.2 A listed entity should: (a) undertake appropriate checks before appointing a director or senior executive or putting someone forward for election as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	The Company undertakes a number of applicable checks before appointing a director or senior executive, or putting a person forward for election as a Director and provides material information to shareholders about a candidate for election or re-election. Vectus' Remuneration and Nomination Committee provides recommendations to assist the Board of Directors with ensuring that appropriate checks and references are taken for new Directors and key executives, and that effective induction and education procedures exist for new Board appointees and key executives. These include checks as to the person's character, experience and education. Information provided to security holders on Directors in the Notice of Meeting includes: biographical details and the skills the candidates bring to the Board; details of any other material directorships currently held by the candidate; in the case of a candidate standing for election as a Director for the first time, any material adverse information revealed by the checks that the Company has performed about the Director, details of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his or her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of Vectus and its security holders generally, and if the Board considers that the candidate will, if elected, qualify as an independent Director, a statement to that effect; in the case of a candidate standing for re-election as a Director, the term of office currently served by the Director and if the Board considers the Director to be an independent Director, a statement to that effect and a statement by the Board as to whether or not it supports the election or re-election of the candidate.

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	A candidate for appointment or election as a Non-Executive Director must provide the Board with the information above and a consent for the Company to conduct any background or other checks Vectus would ordinarily conduct. The candidate must also provide details of his or her other commitments and an indication of time involved, and specifically acknowledge to the Company that he or she will have sufficient time to fulfil his or her responsibilities as a Director.
Recommendation 1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Vectus has a procedure of obtaining a written agreement with each Director and senior executive setting out their terms of appointment. These agreements take the form of letters of appointment in the case of Non-Executive Directors and service contracts in the case of Executive Directors or other senior executives. For each Non-Executive Director, the agreement generally sets out the following: the terms of appointment; the time commitment envisaged, including any expectations regarding involvement with committee work and any other special duties attaching to the positions; remuneration, including superannuation entitlements; the requirement to disclose Directors' interests and any matters that may affect Directors' independence; the requirement to comply with key corporate policies, including the Company's Corporate Code of Conduct, and its Securities Trading Policy; Vectus' policy on when Directors may seek independent professional advice at the expense of the Company (which is generally whenever Directors, especially Non-Executive Directors, judge such advice necessary for them to discharge their responsibilities as Directors); indemnity and insurance arrangements; ongoing rights of access to corporate information; and ongoing confidentiality obligations. In the case of Executive Directors or other senior executives, the agreements generally set out the information above (to the extent applicable), as well as: descriptions of their positions, duties and responsibilities; the persons or bodies to whom they report; the circumstances in which their services may be terminated; and any entitlements on termination. Vectus is required under the ASX Listing Rules to disclose the material terms of any employment, service or consultancy agreement it or a subsidiary enters into with its Chief Executive Officer (CEO) (or equivalent), any of

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	its Directors, and any other person or entity who is a related party of its CEO or any of its Directors. It is also required to disclose any material variation to such an agreement.
Recommendation 1.4 The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	The Company Secretary of Vectus is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board. The Company Secretary plays an important role in supporting the effectiveness of the Board and its Committees. The role of the Company Secretary includes: advising the Board and its Committees on governance matters; monitoring that Board and Committee policies and procedures are followed; co-ordinating the timely completion and despatch of Board and Committee papers; ensuring that the business at Board and Committee meetings is accurately captured in the minutes; and helping to organise and facilitate the induction and professional development of Directors. Each Director is able to communicate directly with the Company Secretary and vice versa. The decision to appoint or remove a Company Secretary is made or approved by the Board.
Recommendation 1.5 A listed entity should: (a) have and disclose a diversity policy; (b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and (c) disclose in relation to each reporting period: (1) the measurable objectives set for that period to achieve gender diversity; (2) the entity's progress towards achieving those objectives; and (3) either; (A) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or (B) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.	The Company's workforce, including employees, contractors, management and the Board, is made up of individuals with diverse skills, values, backgrounds and experiences that bring to Vectus the skills and expertise that are required for the Company to enhance its performance. Vectus values diversity and recognises the benefit it can bring in achieving the Company's goals. To this end, Vectus has a Diversity Policy (which is available in its Corporate Governance Compliance Manual in the Investor Centre section of its website at www.vectusbiosystems.com.au under Corporate Governance) that reflects its commitments and objectives. The Company, through its Board, and Remuneration and Nomination Committee, has set measurable objectives for achieving gender diversity in the composition of its Board, senior executives and workforce generally. During the recent reporting period the measurable objectives set for that period to achieve gender diversity and Vectus' progress towards achieving those objectives includes monitoring the balance between women and men in the Company such that there is an appropriate balance and diversity generally, so as to achieve an inclusive workforce.

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If the entity was in the S&P/ASX 300 Index at the commencement of the reporting period, the measurable objective for achieving gender diversity in the composition of its board should be to have not less than 30% of its directors of each gender within a specified period.	Vectus is committed to ensuring that the appropriate mix of skills, experience, expertise and diversity are considered when employing staff at all levels of the organisation, and when making new senior executive and Board appointments. The Company is satisfied that the composition of employees, senior executives and members is appropriate considering its size and environment. As at the end of the recent reporting period there were two women and two men on the Board, in senior executive positions there was one woman (who is also on the Board) and no men, and six women and three men across the whole workforce (excluding Non-Executive Directors). Vectus has defined “senior executive” for these purposes in the same way as it has defined its Key Management Personnel in the Company’s Remuneration Report, i.e. those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise) of that entity. The Key Management Personnel of Vectus are the Non-Executive Directors and the Executive Director (i.e. the CEO).
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 for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.	The Remuneration and Nomination Committee Charter describes the process that Vectus uses for evaluating the performance of its Board, its committees and individual Directors, and this Charter is available for review in the Company’s Corporate Governance Compliance Manual in the Investor Centre section of its website at www.vectusbiosystems.com.au under Corporate Governance. Vectus has a process whereby its Directors complete Board Evaluation Questionnaires that evaluate the performance of the Board, its committees and individual Directors. During the recent reporting period the Board assessed the results of its Questionnaire in accordance with that process and all areas of the Questionnaire results (other than one point) either improved since last year or stayed the same. The next evaluation process by the Board has commenced and will be reviewed at an upcoming Board meeting. The Company will continue to assess the results derived from future Questionnaires, on at least an annual basis, as part of the process for periodically evaluating the performance of the Board, its Committees and individual Directors.

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Recommendation 1.7 A listed entity should: (a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and (b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.	Vectus has and discloses a process for evaluating the performance of its senior executives at least once every reporting period. The responsibilities of the Board include ratifying other senior executive appointments, organisational changes and senior management remuneration policies and practices. The purpose of the Remuneration and Nomination Committee is to provide recommendations to assist the Board with respect to: ensuring that appropriate procedures exist to assess and review the performance of the senior management; setting in place remuneration policies that are designed to attract and retain senior managers to enhance the performance and growth of Vectus; and ensuring that the level and composition of remuneration packages are fair, reasonable and adequate and, in the case of the Executive Director and senior managers, display a clear relationship between the performance of the individual and the performance of the Company. During the recent reporting period a performance evaluation has been undertaken in accordance with that process. The Remuneration and Nomination Committee completed a review and provided recommendations to the Board on the performance of the senior management. It made recommendations on the remuneration of the senior management. The Board assesses this procedure on at least an annual basis as part of the process for periodically evaluating the performance of its senior executives.
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	The Board of Vectus has a joint Remuneration and Nomination Committee, consisting of three members, being Maurie Stang (Committee Chair), Ronald Shnier and Susan Pond, with Ronald Shnier and Susan Pond being Independent Directors and Maurie Stang being a Non-Independent Director. The Committee therefore has a majority of independent Directors. However, the Committee Chair is not an independent director because Maurie Stang has the most experience in listed company board nomination and remuneration matters. The position of Committee Chair will be reviewed in the next reporting period. The Remuneration and Nomination Committee Charter governs the composition, membership, roles and responsibilities of the Directors, and

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(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.	provides recommendations to assist the Board of Directors. The Charter is available in the Company's Corporate Governance Compliance Manual in the Investor Centre section of its website at www.vectusbiosystems.com.au under Corporate Governance. During 1 July 2022 and 30 June 2023, three Remuneration and Nomination Committee meetings were held. Maurie Stang and Susan Pond attended all of these meetings, and Ronald Shnier attended two of them.
Recommendation 2.2 A listed entity should have and disclose a board skills matrix setting out the mix of skills that the board currently has or is looking to achieve in its membership.	Vectus has and discloses a Board Skills Matrix setting out the mix of skills that the Board currently has in its membership. The Skills Matrix, which was reviewed and updated during the recent reporting period, is set out in Appendix A below. The Corporate Governance Committee will continue to consider the mix in the Company's professional development initiatives for Directors and in its Board succession planning.
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 or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	The Board considers that both Ronald Shnier and Susan Pond are independent Directors, free from any business or any other relationship that could materially interfere with, or reasonably be perceived to interfere with, the independent exercise of their judgement, and each is able to fulfil the role of an independent director for the purposes of the ASX Recommendations. Karen Duggan and Maurie Stang are considered by the Board not to be independent, having regard to the indicators of independence set out in Box 2.3 of the ASX Recommendations. The length of service of each Director as at the date of this Statement is as follows: Karen Duggan – 17 years; Maurie Stang – 17 years and nine months; Ronald Shnier – eight years; and Susan Pond – seven years and four months.
Recommendation 2.4 A majority of the board of a listed entity should be independent directors.	The Board does not have a majority of independent Directors due to the appropriately-qualified available Directors appointed and because of Vectus' stage of development. This is reviewed at least annually.
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.	The Non-Executive Chair of the Board of Vectus, Ronald Shnier, is an independent Director and not the CEO of the Company.

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Recommendation 2.6 A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.	It is the role of Vectus' Remuneration and Nomination Committee to ensure that an effective induction process is implemented for new Board appointees and key executives, and this Committee's Charter includes Induction and Education Procedures for new Board appointees and key executives. The Company has a programme for inducting new Directors. Every new Director receives a Letter of Appointment accompanied by: a Director's Deed of Access and Indemnity; information on Vectus' policies and charters; and has an induction meeting. In conjunction with its review of the Skills Matrix, the Board determines whether or not specific training to develop skills and experience of individual Board members is necessary. Vectus periodically reviews whether or not there is a need for existing Directors to undertake professional development. In order to ensure the Board is able to discharge its responsibilities properly, the Remuneration and Nomination Committee has a process whereby Directors can obtain independent professional advice to maintain their skills and knowledge to perform their role as Directors, when necessary, at the expense of the Company.
Recommendation 3.1 A listed entity should articulate and disclose its values.	Values create a link between a company's purpose (why it exists) and its strategic goals (what it hopes to do) by expressing the standards and behaviours it expects from its directors, senior executives and employees to fulfil its purpose and meet its goals (how it will do it). Vectus' values, being the guiding principles and norms that define what type of organisation it aspires to be, are based on its overall goal, which is to improve people's health and therefore lives. The Company values integrity and the welfare of its staff. Fibrosis is the main cause of organ failure in the hearts and kidneys of people with high blood pressure or diabetes, in the livers of people with cirrhosis and in a wide range of lung diseases, which receive considerable public attention. Vectus' main drug, VB0004, reverses fibrosis caused by hypertension and other chronic diseases. The Company requires from its Directors, senior executives and employees an attitude of focus, motivation, belief, innovation, passion, curiosity, honesty, integrity and teamwork to achieve that aspiration.

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Recommendation 3.2 A listed entity should: (a) have and disclose a code of conduct for its directors, senior executives and employees; and (b) ensure that the board or a committee of the board is informed of any material breaches of that code.	Vectus has a Corporate Code of Conduct that is available in Vectus' Corporate Governance Compliance Manual in the Investor Centre section of the Company's website at www.vectusbiosystems.com.au under Corporate Governance. This Code of Conduct has been fully endorsed by the Board, and applies to all Directors, senior executives and employees. The Company ensures that the Board is informed of any material breaches of the Code, which is reviewed and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism, and the practices necessary to maintain confidence in the Group's integrity, and to take into account legal obligations and reasonable expectations of the Company's stakeholders.
Recommendation 3.3 A listed entity should: (a) have and disclose a whistleblower policy; and (b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.	Vectus has a Whistleblower Policy, which is disclosed in the Company's Corporate Governance Compliance Manual in the Investor Centre section of Vectus' website at www.vectusbiosystems.com.au under Corporate Governance. This Policy: encourages whistleblowers to make whistleblower disclosures without fear of victimisation; explains how the Company will manage allegations of illegal or unethical conduct in a lawful, fair, consistent and timely manner; and outlines the procedures and protections that apply to whistleblowers under the Corporations Act 2001 (Cth) and Taxation Administration Act 1953 (Cth). Vectus ensures that the Board is informed of any material incidents reported under this Policy.
Recommendation 3.4 A listed entity should: (a) have and disclose an anti-bribery and corruption policy; and (b) ensure that the board or a committee of the board is informed of any material breaches of that policy.	The Company has an Anti-Bribery and Corruption Policy, which is disclosed in the Company's Corporate Governance Compliance Manual in the Investor Centre section of Vectus' website at www.vectusbiosystems.com.au under Corporate Governance. This Policy: provides clear procedures for employees and other personnel in relation to bribery and corruption issues that may arise in the course of their employment; provides guidelines for the offering or acceptance of gifts or hospitality; assists in the protection of the Company's reputation, business and interests; provides a reporting mechanism for allegations of bribery and corruption; and assists in compliance with legal obligations. Vectus ensures that the Board is informed of any material breaches of that Policy.

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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 of Vectus has a joint Audit and Risk Management Committee, which was established by the Board to review and monitor financial, audit and risk management processes and reporting. At the start of the reporting period, the Committee consisted of three Non-Executive Directors, a majority of whom were not independent Directors, being Peter Bush (Committee Chair, an Accountant, but not an independent Director), Maurie Stang (finance experience, but not independent) and Susan Pond (medical background and independent). Peter Bush ceased to be a Director (and hence a member of the Committee) on 23 November 2022 and was replaced as Committee Chair by Susan Pond. This Committee is therefore now chaired by an independent Director, Susan Pond, who has chaired a number of audit and risk committees of boards, and is an FAICD and has completed its Company Director programme. This Committee had two members (Susan Pond (Chair) and Maurie Stang) at the end of the reporting period and so did not comply with the recommendation that it have three members. However, in the current reporting period (i.e. on 16 August 2023) Ronald Shnier (a Non-Executive, independent Director) was appointed as a member of the Audit and Risk Management Committee, so it now has three members, all of whom are Non-Executive Directors, and a majority of whom are independent Directors, and is chaired by an independent Director who is not the chair of the Board. A copy of the Charter of the Audit and Risk Management Committee is available in the Company's Corporate Governance Compliance Manual in the Investor Centre section of Vectus' website at www.vectusbiosystems.com.au under Corporate Governance. The relevant qualifications and experience of the members of the Committee can be found in the About Us section of the Company's website under Leadership Team, in the Directors' Report in Vectus' Annual Report and in this Statement. In relation to the recent reporting period the Committee met three times: Susan Pond and Maurie Stang attended all three meetings, and Peter Bush attended the meeting held while he was still a Director of Vectus.
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	Before it approves the Company's financial statements for a financial period (being the Annual Report and Preliminary Final Report (Appendix 4E), Half-Year Financial Report (Appendix 4D) and Quarterly Report (Appendix 4C), the Board of

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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.	Vectus receives assurance from the CEO and CFO, via a declaration, that the financial records of the Company 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 Vectus, and that their opinion is founded on a sound system of risk management and internal control, and that the system is operating effectively in all material aspects in relation to financial reporting risks.
Recommendation 4.3 A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.	Vectus discloses below its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor. Such reports are reviewed by the Board, which notes the receipt of the CEO and CFO Declarations on the accuracy of these reports. The operating and financial review included in the annual Directors' Report contains information that shareholders reasonably require to make an informed assessment of the Company's operations, financial position, business strategies and prospects for future financial years. Vectus prepares Quarterly Activities Reports and Quarterly Cash Flow Reports that are not subject to audit or review by the Company's external auditor. As Vectus grows, it will consider the production of other corporate reports, such as a "sustainability report", to provide insights into other aspects of its operations. The Company's annual Directors' Report is not subject to assurance by Vectus' external auditor, other than the Remuneration Report and, accordingly, the Board of Directors and senior executives validate that the report is accurate, balanced and understandable, and provides the market with appropriate information to make informed investment decisions.
Recommendation 5.1 A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under Listing Rule 3.1.	The Company has a written policy, being its Continuous Disclosure Policy, which complies with its obligations under ASX Listing Rule 3.1 and is in Vectus' Corporate Governance Compliance Manual in the Investor Centre section of its website at www.vectusbiosystems.com.au under Corporate Governance. Once the Company is or becomes aware of any information concerning it that a reasonable person would expect to have a material effect on the price or value of Vectus' securities the Company immediately tells ASX that information. The Board has designated the Company Secretary as the person responsible for overseeing and coordinating disclosure of information to the ASX, as well as communicating with the ASX.

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Recommendation 5.2 A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.	Vectus' Board approves market announcements before they are lodged with ASX. The Company then ensures that its Board receives copies of all announcements promptly after they have been released to the market. The Company Secretary has set up in ASXOnline all of the Directors' email addresses so that they automatically receive all ASX announcements once they have been released to the market.
Recommendation 5.3 A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.	When Vectus gives a materially-new and substantive investor or analyst presentation it releases a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.
Recommendation 6.1 A listed entity should provide information about itself and its governance to investors via its website.	The Company provides information about itself and Vectus' corporate governance on its website. The Investor Centre on the Company's website contains a Corporate Governance section, where Vectus' Corporate Governance Compliance Manual, which contains its charters and policies, can be found, as well as the Company's Corporate Governance Statement, its Employee Incentive Plan and its Constitution. The Investor Centre section also contains Reports and Presentations, a link to Vectus' ASX Announcements, contact details of the Company's Share Registrar and the IPO Prospectus. Biographical information on Vectus' Leadership and Executive Teams can be found in the About Us section of the Company's website, and the Technology section provides information on Vectus and its wholly-owned subsidiary Accugen Pty Limited. The Contact Us section provides shareholders and investors with the Company's contact details of both its research and corporate divisions, as well as links to Vectus' Twitter and LinkedIn social media pages, which provide information about the Company and its activities to current and potential investors.
Recommendation 6.2 A listed entity should have an investor relations program that facilitates effective two-way communication with investors.	Vectus has an investor relations programme that facilitates effective two-way communication with investors. The Company has a Shareholders Communications Policy, which is available in Vectus' Corporate Governance Compliance Manual in the Investor Centre section of its website at www.vectusbiosystems.com.au under Corporate Governance. The Company actively engages with shareholders at its

Corporate Governance Principles and Recommendations (4 th Edition)	Explanation
	meetings of security holders, meeting with them upon request and responding to any enquiries they may make from time-to-time.
Recommendation 6.3 A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.	Vectus has disclosed the processes it has in place to facilitate and encourage participation at meetings of security holders in its Shareholders Communications Policy, which is available in the Company's Corporate Governance Compliance Manual in the Investor Centre section of its website at www.vectusbiosystems.com.au under Corporate Governance. Written policies that Vectus has formed on security holder participation at meetings cover disclosure of price-sensitive information and ensure that the requirements of continuous disclosure are met. These written policies and procedures are designed to enable appropriate communication with, and participation by, shareholders. The Company views its meetings of shareholders as an important forum for two-way communication between Vectus and its security holders. They provide an opportunity for the Company to impart to security holders a greater understanding of its business, governance, financial performance and prospects, as well as to discuss areas of concern or interest to the Board and management. These meetings also provide an opportunity for security holders to express their views to Vectus' Board and management about any areas of concern or interest for them.
Recommendation 6.4 A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.	Since its 2019 Annual General Meeting (AGM) the Company has decided all Resolutions by a poll, rather than by a show of hands and ensures that all resolutions at meetings of security holders are decided by a poll rather than by a show of hands.
Recommendation 6.5 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	The Company gives security holders the option to receive communications from, and send communications to, Vectus and its security registry electronically. The Contact Us section of the Company's website contains Vectus' contact details (including its email address) and security holders can also choose to subscribe to receive periodic email updates on the Company by clicking on the link at the bottom of the Contact Us page: "Subscribe to our email updates". Securityholders will then receive notification via MailChimp of important Vectus ASX announcements. The Investor Centre section of Vectus' website provides the contact details of the Company's Share Registrar, Boardroom Pty Limited, including

Corporate Governance Principles and Recommendations (4 th Edition)	Explanation
	links for security holders to go to in order to make enquiries of the Share Registrar and to its website.
Recommendation 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 of Vectus has a joint Audit and Risk Management Committee to review and monitor financial, audit and risk management processes and reporting, and oversee risk. At the start of the reporting period, the Committee consisted of three members, a majority of whom were not independent Directors, being Peter Bush (Committee Chair – not an independent Director), Maurie Stang (not independent) and Susan Pond (independent). Peter Bush ceased to be a Director (and hence a member of the Committee) on 23 November 2022 and was replaced as Committee Chair by Susan Pond. This Committee is therefore now chaired by an independent Director, Susan Pond, who has chaired a number of audit and risk committees of boards, and is an FAICD and has completed its Company Director programme. This Committee had two members (Susan Pond (Chair) and Maurie Stang) at the end of the reporting period and so did not comply with the recommendation that it have three members. However, in the current reporting period (i.e. on 16 August 2023) Ronald Shnier (an independent Director) was appointed as a member of the Audit and Risk Management Committee, so it now has three members, a majority of whom are independent Directors, and is chaired by an independent Director. The Charter of the Committee is available in the Company's Corporate Governance Compliance Manual in the Investor Centre section of Vectus' website at www.vectusbiosystems.com.au under Corporate Governance. In relation to the recent reporting period the Committee met three times: Susan Pond and Maurie Stang attended all three meetings, and Peter Bush attended the meeting held while he was still a Director of Vectus. The Board's role in risk oversight includes receiving regular reports from senior management, and the Audit and Risk Management Committee about material risks faced by the Company, and applicable mitigation strategies and activities. The reports detail the effectiveness of the risk management programme, and identify and address material business risks, such as strategic, business, operational, financial, human resources, product safety, environmental and social sustainability, and efficacy and legal / regulatory risks.

Corporate Governance Principles and Recommendations (4 th Edition)	Explanation
Recommendation 7.2 The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	Management is responsible for designing, implementing and reporting on the adequacy of the Company's risk management and internal control system. Management reports to the Audit and Risk Management Committee on Vectus' key risks and the extent to which it believes these risks are being monitored at each Committee meeting. The Audit and Risk Management Committee reviews and monitors the Company's risk management framework, and internal compliance and control systems, at least annually to satisfy itself that it continues to be sound. This Committee also makes sure that Vectus is operating with due regard to the risk appetite set by the Board. In relation to the recent reporting period, such a review has taken place. By definition, the Company's work in developing drugs is a high-risk area and success cannot be guaranteed. The Directors are satisfied that the risk management framework deals adequately with contemporary and emerging risks such as conduct risk, digital disruption, cyber-security, privacy and data breaches, sustainability and climate change (energy efficiency of Vectus' laboratory and office accommodation). As part of the risk review, Vectus has a Risk Register, which is periodically included in the Board papers for Board and / or Audit and Risk Management Committee meetings, and is reviewed and updated by the Committee and / or Board. A review of the Risk Register and the procedures for identifying risks was carried out in June 2023.
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 governance, risk management and internal control processes.	The Company does not have an internal audit function. The process Vectus employs for evaluating and continually improving the effectiveness of its governance, risk management and internal control processes is the monthly review of its actual versus budget variances in revenue and expenses. The Company has a procedure whereby there is a periodic review of source accounting documentation by someone independent of the Accounts Department and independent of the regular accounting documentation approval process.
Recommendation 7.4 A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.	Vectus has not identified any specific material exposure to environmental or social risks. In regards to social risks, the Company has a Modern Slavery Policy, which can be found in the Company's Corporate Governance Compliance Manual in the Investor Centre section of Vectus' website at www.vectusbiosystems.com.au under Corporate Governance. This includes the risks

Corporate Governance Principles and Recommendations (4 th Edition)	Explanation
	associated with Vectus' overseas suppliers engaging in modern slavery, and mistreating employees, customers or suppliers. The risk for the Company associated with the COVID-19 pandemic and its effect on recruiting people for Vectus' human trial has been closely monitored. COVID-19 closures and working constraints significantly impacted the time frame of the Company's progress with its Phase I trial. Vectus believes that how it conducts its business activities impacts directly on a range of stakeholders, including security holders, employees, customers, suppliers, creditors, consumers, governments and the local communities in which it operates. Vectus understands that whether or not it does so sustainably can impact in the longer term on society and the environment. The Company has a goal of not compromising the health of the ecosystems in which it operates over the long term. Vectus works in a manner that meets accepted social norms and needs, and intends to continue to do so into the future. The Company's business aims to address certain social risks, as it researches a cure for fibrosis caused by hypertension and other chronic diseases such as diabetes, which are a large cause of medical problems globally. Vectus' goal of treating cardiovascular fibrosis and systolic blood pressure is focused on improving the healthcare of our society, while ensuring the highest standard of occupational health and environmental safety. The Company identified an unmet need through Karen Duggan's discovery that a naturally-occurring molecule in the human body was capable of reversing fibrosis, which, if commercialised, will have a significant benefit to the needs of society over the long term. Fibrosis, the formation of excess fibrous connective tissue in an organ, plays a role in more than 40% of deaths worldwide. This figure includes different diseases affecting the heart, lungs, kidneys and liver, among others. While current treatments only slow the progression of fibrosis, Vectus has demonstrated in animal models that its compounds can reverse the process, leading to the restoration of normal tissue architecture. The Company has completed its Phase Ia human trials of its compound VB0004. Vectus extended its research into the possible opportunity to target the fibrotic damage resulting, in some cases, from COVID-19. VB0004 has the potential for its orally active small molecules to play a role in this emerging unmet need.

Corporate Governance Principles and Recommendations (4 th Edition)	Explanation
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 of Vectus has a joint Remuneration and Nomination Committee, which consists of three members, being Maurie Stang (Committee Chair), Ronald Shnier and Susan Pond, with a majority (Ronald Shnier and Susan Pond) being Independent Directors and Maurie Stang being a Non-Independent Director. However, the Committee Chair is not an independent director because Maurie Stang has the most experience in listed company board and remuneration and nomination matters. The position of Committee Chair will be reviewed at the next Committee meeting. Vectus' Remuneration and Nomination Committee Charter governs the composition, membership, roles and responsibilities of the Directors, and provides recommendations to assist the Board of Directors. This Charter is available in the Company's Corporate Governance Compliance Manual in the Investor Centre section of Vectus' website at www.vectusbiosystems.com.au under Corporate Governance. During 1 July 2022 and 30 June 2023, three Remuneration and Nomination Committee meetings were held. Maurie Stang and Susan Pond attended all of these meetings, and Ronald Shnier attended two of them.
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.	The Company separately discloses its policies and practices regarding the remuneration of Vectus' Non-Executive Directors and the remuneration of its Executive Director in the Remuneration Report in the Company's 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.	Vectus has an equity-based remuneration scheme, being its Employee Incentive Plan (EIP), which was last approved by shareholders at the Company's 30 November 2020 AGM and is available on Vectus' website in the Investor Centre under Corporate Governance. The EIP is planned to be refreshed at the 2023 AGM. The Company has a policy that participants in the EIP are not permitted to enter into transactions (whether through the use of derivatives or otherwise) that limit the economic risk of participating in the scheme. There are no schemes for retirement benefits, other than superannuation, for Non-Executive Directors. The Corporations Act prohibits the key management personnel of ASX-listed companies established in Australia, or closely-related parties of such personnel, from entering into arrangements that would have the effect of limiting their exposure to risks relating to an element of their remuneration that either has not vested or has vested but remains subject to a holding lock.

Appendix A – Skills Matrix

Skills, Diversity and Experience of the Board	Total Number Out of Four Directors
Leadership	4
Corporate Governance and Compliance	4
Regulatory Strategy and Compliance	3
Membership of Governance or Regulatory Bodies	3
Strategy Development	4
Directorships / Senior Management positions held outside VBS	4
CEO / CFO / COO experience	4
General Management	4
Tenure – Director with VBS for less than three years	0
Tenure – Director with VBS for between three to nine years	2
Tenure – Director with VBS for nine years or more	2
Operations	2
Occupational Health and Safety	4
Experience Managing Environment Issues in an Organisation	4
Project Delivery	3
Sector / Industry Experience – Healthcare	4
Experience – in Organisations with Global Locations	3
Experience – in Organisations with Asia Pacific Locations	3
International Business	3
Financial Acumen	4
Accounting	0
Mergers and Acquisitions / Equity / Capital Markets	2
Experience in Growing a Business	4
Experience in Implementing Capital Projects	3
Business Development	4
Risk Management	4
Marketing	1
Remuneration	4
Government Relations	4
Human Resources Management / People	3
Professional Services	2
Gender Equality	4
Early-Stage Pharmaceutical and Diagnostics	4
Tertiary Qualifications	3
Post-Graduate Business Studies and CA or CPA	0
Residency in Australia	4
Significant Research and Development Experience	4
Legal and Intellectual Property	3
Experience in Product Development in the Life Sciences	4

Appendix 4G

Key to Disclosures

Corporate Governance Council Principles and Recommendations

Name of entity

Vectus Biosystems Limited (ASX:VBS)
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ABN/ARBN

54 117 526 137

Financial year ended:

30 June 2023

Our corporate governance statement¹ for the period above can be found at:²

- ☐ These pages of our annual report:
- ☒ This URL on our website:
<http://www.vectusbiosystems.com.au/investor-centre/corporate-governance>

The Corporate Governance Statement is accurate and up to date as at **16 August 2023** and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.³

Date: **30 August 2023**

Name of authorised officer authorising lodgement: **Mr Robert J Waring (Company Secretary)**

¹ "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.

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 Listing Rule 4.10.3.

Under Listing Rule 4.7.3, an entity must also lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX. The Appendix 4G serves a dual purpose. It acts as a key designed to assist readers to locate the governance disclosures made by a listed entity under Listing Rule 4.10.3 and under the ASX Corporate Governance Council's recommendations. It also acts as a verification tool for listed entities to confirm that they have met the disclosure requirements of Listing Rule 4.10.3.

The Appendix 4G is not a substitute for, and is not to be confused with, the entity's corporate governance statement. They serve different purposes and an entity must produce each of them separately.

² Tick whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where your corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

³ 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.

See notes 4 and 5 below for further instructions on how to complete this form.

ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT			
1.1	A listed entity should have and disclose a board charter setting out: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	☒ and we have disclosed a copy of our board charter in: Vectus' Corporate Governance Compliance Manual in the Investor Centre section of the Company's website at www.vectusbiosystems.com.au under the Corporate Governance heading	☐ set out in our Corporate Governance Statement <u>OR</u> ☐ 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 director or senior executive or putting someone forward for election as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	☒	☐ set out in our Corporate Governance Statement <u>OR</u> ☐ 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.	☒	☐ set out in our Corporate Governance Statement <u>OR</u> ☐ 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.	☒	☐ set out in our Corporate Governance Statement <u>OR</u> ☐ we are an externally managed entity and this recommendation is therefore not applicable

⁴ Tick the box in this column only if you have followed the relevant recommendation in full for the whole of the period above. Where the recommendation has a disclosure obligation attached, you must insert the location where that disclosure has been made, where indicated by the line with "insert location" underneath. If the disclosure in question has been made in your corporate governance statement, you need only insert "our corporate governance statement". If the disclosure has been made in your annual report, you should insert the page number(s) of your annual report (eg "pages 10-12 of our annual report"). If the disclosure has been made on your website, you should insert the URL of the web page where the disclosure has been made or can be accessed (eg "www.entityname.com.au/corporate governance/charters/").

⁵ 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.

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
1.5	A listed entity should: (a) have and disclose a diversity policy; (b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and (c) disclose in relation to each reporting period: (1) the measurable objectives set for that period to achieve gender diversity; (2) the entity's progress towards achieving those objectives; and (3) either: (A) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or (B) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act. If the entity was in the S&P / ASX 300 Index at the commencement of the reporting period, the measurable objective for achieving gender diversity in the composition of its board should be to have not less than 30% of its directors of each gender within a specified period.	☒ and we have disclosed a copy of our diversity policy in: Vectus' Corporate Governance Compliance Manual in the Investor Centre section of the Company's website at www.vectusbiosystems.com.au under the Corporate Governance heading and we have disclosed the information referred to in paragraph (c) in: Vectus' 2023 Corporate Governance Statement. and if we were included in the S&P / ASX 300 Index at the commencement of the reporting period our measurable objective for achieving gender diversity in the composition of its board of not less than 30% of its directors of each gender within a specified period.	☐ set out in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
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 for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.	☒ and we have disclosed the evaluation process referred to in paragraph (a) in: Vectus' Remuneration and Nomination Committee Charter and the Company's Corporate Governance Compliance Manual in the Investor Centre section of the Company's website at www.vectusbiosystems.com.au under the Corporate Governance heading and whether a performance evaluation was undertaken for the reporting period in accordance with that process in: Vectus' 2023 Corporate Governance Statement.	☐ set out in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.7	A listed entity should: (a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and (b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.	☒ and we have disclosed the evaluation process referred to in paragraph (a) in: Vectus' 2023 Corporate Governance Statement and whether a performance evaluation was undertaken for the reporting period in accordance with that process in: Vectus' 2023 Corporate Governance Statement.	☐ set out in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
PRINCIPLE 2 - STRUCTURE THE BOARD TO BE EFFECTIVE AND ADD VALUE			
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.	☐ <i>[If the entity complies with paragraph (a):]</i> and we have disclosed a copy of the charter of the committee in: Vectus' Corporate Governance Compliance Manual in the Investor Centre section of the Company's website at www.vectusbiosystems.com.au under the Corporate Governance heading and the information referred to in paragraphs (4) and (5) in: Vectus' 2023 Corporate Governance Statement and its 2023 Annual Report. <i>[If the entity complies with paragraph (b):]</i> and we have disclosed 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 at: <i>[insert location]</i>	☒ set out in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills that the board currently has or is looking to achieve in its membership.	☒ and we have disclosed our board skills matrix in: Appendix A of Vectus' 2023 Corporate Governance Statement.	☐ set out in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
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, affiliation or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	☒ and we have disclosed the names of the directors considered by the board to be independent directors in: Vectus' 2023 Corporate Governance Statement and, where applicable, the information referred to in paragraph (b) in: N/A and the length of service of each director in: Vectus' 2023 Corporate Governance Statement	☐ set out in our Corporate Governance Statement
2.4	A majority of the board of a listed entity should be independent directors.	☐	☒ set out in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
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.	☒	☐ set out in our Corporate Governance Statement OR ☐ 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 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.	☒	☐ set out in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
PRINCIPLE 3 – INSTIL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY			
3.1	A listed entity should articulate and disclose its values.	☒ and we have disclosed our values in: Vectus' 2023 Corporate Governance Statement.	☐ set out in our Corporate Governance Statement
3.2	A listed entity should: (a) have and disclose a code of conduct for its directors, senior executives and employees; and (b) ensure that the board or a committee of the board is informed of any material breaches of that code.	☒ and we have disclosed our code of conduct in: Vectus' Corporate Governance Compliance Manual in the Investor Centre section of the Company's website at www.vectusbiosystems.com.au under the Corporate Governance heading.	☐ set out in our Corporate Governance Statement
3.3	A listed entity should: (a) have and disclose a whistleblower policy; and (b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.	☒ and we have disclosed our whistleblower policy in: Vectus' Corporate Governance Compliance Manual in the Investor Centre section of the Company's website at www.vectusbiosystems.com.au under the Corporate Governance heading.	☐ set out in our Corporate Governance Statement
3.4	A listed entity should: (a) have and disclose an anti-bribery and corruption policy; and (b) ensure that the board or committee of the board is informed of any material breaches of that policy.	☒ and we have disclosed our anti-bribery and corruption policy in: Vectus' Corporate Governance Compliance Manual in the Investor Centre section of the Company's website at www.vectusbiosystems.com.au under the Corporate Governance heading.	☐ set out in our Corporate Governance Statement

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
PRINCIPLE 4 – SAFEGUARD THE INTEGRITY OF CORPORATE REPORTS			
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.	☐ <i>[If the entity complies with paragraph (a):]</i> and we have disclosed a copy of the charter of the committee in: Vectus' Corporate Governance Compliance Manual in the Investor Centre section of the Company's website at www.vectusbiosystems.com.au under the Corporate Governance heading. and the information referred to in paragraphs (4) and (5) in: the About Us section of the Company's website under Leadership Team; in the Directors' Report in Vectus' Annual Report; and in Vectus' 2023 Corporate Governance Statement. <i>[If the entity complies with paragraph (b):]</i> and we have disclosed 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 at: <i>[insert location]</i>	☒ set out in our Corporate Governance Statement
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.	☒	☐ set out in our Corporate Governance Statement
4.3	A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.	☒	☐ set out in our Corporate Governance Statement

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE			
5.1	A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.	☒ and we have disclosed our continuous disclosure compliance policy in: Vectus' Corporate Governance Compliance Manual in the Investor Centre section of the Company's website at www.vectusbiosystems.com.au under the Corporate Governance heading.	☐ set out in our Corporate Governance Statement
5.2	A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.	☒	☐ set out in our Corporate Governance Statement
5.3	A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.	☒	☐ set out in our Corporate Governance Statement
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.	☒ and we have disclosed information about us and our governance on our website at: www.vectusbiosystems.com.au	☐ set out in our Corporate Governance Statement
6.2	A listed entity should have an investor relations program that facilitates effective two-way communication with investors.	☒	☐ set out in our Corporate Governance Statement
6.3	A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.	☒ and we have disclosed how we facilitate and encourage participation at meetings of security holders in: Vectus' Shareholders Communications Policy, which is available in the Company's Corporate Governance Compliance Manual in the Investor Centre section of its website at www.vectusbiosystems.com.au under Corporate Governance.	☐ set out in our Corporate Governance Statement
6.4	A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.	☒	☐ set out in our Corporate Governance Statement
6.5	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	☒	☐ set out in our Corporate Governance Statement

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
PRINCIPLE 7 – RECOGNISE AND MANAGE RISK			
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.	☐ <i>[If the entity complies with paragraph (a):]</i> and we have disclosed a copy of the charter of the committee in: Vectus' Corporate Governance Compliance Manual in the Investor Centre section of the Company's website at www.vectusbiosystems.com.au under the Corporate Governance heading. and the information referred to in paragraphs (4) and (5) in: the Directors' Report in Vectus' Annual Report; and in Vectus' 2023 Corporate Governance Statement. <i>[If the entity complies with paragraph (b):]</i> and we have disclosed 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 at: <i>[insert location]</i>	☒ set out in our Corporate Governance Statement
7.2	The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	☒ and we have disclosed whether a review of the entity's risk management framework was undertaken during the reporting period in: Vectus' 2023 Corporate Governance Statement.	☐ set out in our Corporate Governance Statement
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 governance, risk management and internal control processes.	☐ <i>[If the entity complies with paragraph (a):]</i> and we have disclosed how our internal audit function is structured and what role it performs at: <i>[insert location]</i> ☒ <i>[If the entity complies with paragraph (b):]</i> and we have disclosed 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 in: Vectus' 2023 Corporate Governance Statement.	☐ set out in our Corporate Governance Statement
7.4	A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.	☒ and we have disclosed whether we have any material exposure to environmental and social risks in: Vectus' 2023 Corporate Governance Statement and, if we do, how we manage or intend to manage those risks at: <i>[insert location]</i>	☐ set out in our Corporate Governance Statement

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY			
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.	☐ <i>[If the entity complies with paragraph (a):]</i> and we have disclosed a copy of the charter of the committee in: Vectus' Corporate Governance Compliance Manual in the Investor Centre section of the Company's website at www.vectusbiosystems.com.au under the Corporate Governance heading. and the information referred to in paragraphs (4) and (5) in: Vectus' 2023 Corporate Governance Statement and in its 2023 Annual Report. <i>[If the entity complies with paragraph (b):]</i> and we have disclosed 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: <i>[insert location]</i>	☒ set out in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
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.	☒ and we have disclosed separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives in: the Remuneration Report in the Company's Annual Report	☐ set out in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
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.	☒ and we have disclosed our policy on this issue or a summary of it in: Vectus' 2023 Corporate Governance Statement and in the Investor Centre section of the Company's website at www.vectusbiosystems.com.au under the Corporate Governance heading.	☐ set out in our Corporate Governance Statement OR ☐ we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable OR ☐ we are an externally managed entity and this recommendation is therefore not applicable

ADDITIONAL RECOMMENDATIONS THAT APPLY ONLY IN CERTAIN CASES			
9.1	A listed entity with a director who does not speak the language in which board or security holder meetings are held or key corporate documents are written should disclose the processes it has in place to ensure the director understands and can contribute to the discussions at those meetings and understands and can discharge their obligations in relation to those documents.	☐ and we have disclosed information about the processes in place at: <i>[insert location]</i>	☐ set out in our Corporate Governance Statement OR ☐ we do not have a director in this position and this recommendation is therefore not applicable OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
9.2	A listed entity established outside Australia should ensure that meetings of security holders are held at a reasonable place and time.	☐	☐ set out in our Corporate Governance Statement OR ☐ we are established in Australia and this recommendation is therefore not applicable OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
9.3	A listed entity established outside Australia, and an externally managed 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.	☐	☐ set out in our Corporate Governance Statement OR ☐ we are established in Australia and not an externally managed listed entity and this recommendation is therefore not applicable ☐ we are an externally managed entity that does not hold an AGM and this recommendation is therefore not applicable
ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES			
-	<i>Alternative to Recommendation 1.1 for externally managed listed entities:</i> The responsible entity of an externally managed listed entity should disclose: (a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity; and (b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.	☐ and we have disclosed the information referred to in paragraphs (a) and (b) at: <i>[insert location]</i>	☐ set out in our Corporate Governance Statement
-	<i>Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:</i> An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.	☐ and we have disclosed the terms governing our remuneration as manager of the entity at: <i>[insert location]</i>	☐ set out in our Corporate Governance Statement

