

# 2020 CORPORATE GOVERNANCE STATEMENT

This corporate governance statement sets out Stemify Limited's (**Company**) current compliance with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (**ASX Principles and Recommendations**). The ASX Principles and Recommendations are not mandatory. However, this corporate governance statement discloses the extent to which the Company has followed the ASX Principles and Recommendations. This corporate governance statement is current as at 30 September 2020 and has been approved by the board of the Company (**Board**).

ASX Principles and Recommendations	Comply (Yes/No)	Explanation
<b>1.</b> Lay solid foundations for management and oversight		
<p>1.1. <i>A listed entity should disclose:</i></p> <p>(a) <i>the respective roles and responsibilities of its board and management; and</i></p> <p>(b) <i>those matters expressly reserved to the board and those delegated to management.</i></p>	Yes	<p>The Company has adopted a Board Charter and the Board is responsible for the corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives. The goals of the corporate governance processes are to:</p> <ul style="list-style-type: none"> <li>(a) maintain and increase Shareholder value;</li> <li>(b) ensure a prudential and ethical basis for the Company's conduct and activities; and</li> <li>(c) ensure compliance with the Company's legal and regulatory objectives.</li> </ul> <p>Consistent with these goals, the Board assumes the following responsibilities:</p> <ul style="list-style-type: none"> <li>(a) developing initiatives for profit and asset growth;</li> <li>(b) reviewing the corporate, commercial and financial performance of the Company on a regular basis;</li> <li>(c) acting on behalf of, and being accountable to, the Shareholders; and</li> <li>(d) identifying business risks and implementing actions to manage those risks and corporate systems to assure quality.</li> </ul> <p>It is expected that the division of responsibility of the Board and senior executives will vary with the evolution of the Company. The Company intends to regularly review the balance of responsibilities to ensure that the division of functions remains appropriate.</p> <p>Refer to the Board Charter for further detail which is located on the Company's website at the following link:</p>

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		<a href="https://www.stemify.com.au/governance">https://www.stemify.com.au/governance</a>
<p>1.2. <i>A listed entity should:</i></p> <p>(a) <i>undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election as a director; and</i></p> <p>(b) <i>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.</i></p>	Yes	<p>The Company undertakes background checks with regards to the person's character, experience and education prior to nomination for election as a director. Any material adverse information revealed by these checks is released to securityholders prior to the General Meeting at which they are able to be elected.</p> <p>When an individual is nominated to be a Director, their curriculum vitae with their relevant professional history and qualifications is circulated to the securityholders in the Company.</p>
<p>1.3. <i>A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</i></p>	Yes	<p>Directors are provided with letters of appointment and/or service agreements, and senior executives are given employment contracts, prior to their engagement with the Company, setting out the terms of their appointment. These set out the relevant terms by which they will be involved in the Company.</p>
<p>1.4. <i>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.</i></p>	Yes	<p>The Company Secretary is directly accountable to the Board (through the Chair) on all matters to do with the proper functioning of the Board.</p>
<p>1.5. <i>A listed entity should:</i></p> <p>(a) <i>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;</i></p> <p>(b) <i>disclose that policy or a summary of it; and</i></p>	<p>No</p> <p>N/A</p>	<p>The Company has not adopted an express policy specifically addressing the achievement of gender diversity. Due to the current limited size of the Board, the Board does not consider it necessary to have a gender diversity policy, but will consider adopting a policy in the future. Furthermore, the Company has not set any objectives for achieving gender diversity. Should a gender diversity policy be considered appropriate for the Company in the future due to increases in size of the organisation, the policy will specifically deal with the objectives for achieving diversity.</p>

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<p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>	<p>N/A</p> <p>Yes</p> <p>N/A</p>	<p>The Company's corporate code of conduct provides a framework for undertaking ethical conduct in employment. Under the corporate code of conduct, the Company will not tolerate any form of discrimination or harassment in the workplace.</p> <p>Refer to the Company's Code of Conduct Policy for further detail which is located on the Company's website at the following link:</p> <p><a href="https://www.stemify.com.au/governance">https://www.stemify.com.au/governance</a></p> <p>The Company's workforce gender demographics for the year ended 30 June 2020 are as follows:</p> <ol style="list-style-type: none"> <li>1.The proportion of female directors: 0%</li> <li>2.The proportion of female employees who are senior executives: 0%</li> <li>3.The proportion of female employees in the entire organisation: 0%</li> </ol> <p>Senior management means an employee who directly reports to the CEO or the Board.</p> <p>On 21 April 2020, the Company completed the disposal of its main undertaking and continues to look for a suitable business to acquire.</p>
<p>1.6. A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>No</p>	<p>The Board considers that annual reviews of its performance are essential in enhancing the Board's effectiveness as well as providing an opportunity to raise and resolve issues. Performance reviews may be undertaken internally or with the assistance of an external facilitator and cover the activities of the Board.</p> <p>The Company did not undertake a performance appraisal during the reporting period.</p>
<p>1.7. 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>Yes</p> <p>Yes</p>	<p>The Board considers that an annual review of its senior executives' performance is essential in enhancing the Company's effectiveness as well as providing an opportunity to raise and resolve issues. Performance reviews may be undertaken internally or with the assistance of an external facilitator and cover the activities of the Board. Key performance indicators are initially set by the Board for the and are then cascaded into the business.</p> <p>Refer to the Company's Nomination Committee Charter for further detail which is located on the Company's website at the following link:</p> <p><a href="https://www.stemify.com.au/governance">https://www.stemify.com.au/governance</a></p> <p>Performance evaluations for each of the Company's senior executives were not conducted for the reporting period ending 30 June 2020 as the Company completed the disposal of its main undertaking on 21 April 2020.</p>

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<b>2. Structure the board to add value</b>		
<p><b>2.1. The board of a listed entity should:</b></p> <p>(a) <i>have a nomination committee which:</i></p> <p>(1) <i>has at least three members, a majority of whom are independent directors; and</i></p> <p>(2) <i>is chaired by an independent director, and disclose:</i></p> <p>(3) <i>the charter of the committee;</i></p> <p>(4) <i>the members of the committee; and</i></p> <p>(5) <i>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</i></p> <p>(b) <i>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></p>	<p>No</p> <p>Yes</p>	<p>Given the Company's current size and stage of development, the Company does not consider that it is practicable to have a separate nomination committee responsible for the appointment of Directors or to implement a corresponding nomination committee charter. The appointment of new Directors and undertakings of appropriate checks before appointment will be the responsibility of the entire Board.</p> <p>The Board undertakes an evaluation of the skills, experience and independence of an individual when considering appointing a new director to ensure that the Board will be able to discharge its duties and responsibilities effectively. The Board will ensure that all material information to a decision on whether or not to elect or re-elect a Director is provided to security holders.</p> <p>A copy of the Charter can be accessed at: <a href="https://www.stemify.com.au/governance">https://www.stemify.com.au/governance</a></p>
<p><b>2.2. A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.</b></p>	No	<p>Given the size of the Board, a formal board skills matrix has not been adopted. However, the current Board of Directors bring an expansive range of relevant industry experience and other skills and experience in order to meet the Company's objectives.</p> <p>Details of the skills, expertise and experience of each director are provided in the Company's Director's Report in the 2020 Annual Report.</p>
<p><b>2.3. A listed entity should disclose:</b></p> <p>(a) <i>the names of the directors considered by the board to be independent directors;</i></p> <p>(b) <i>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</i></p>	Yes	<p>The Board has reviewed the position and associations of each of the three directors and has determined that Jonathan Pearce is independent.</p> <p>The Company will continually evaluate whether it will be appropriate to consider additional independent directors as the business evolves and expands.</p> <p>The length of services (appointment dates) of each director will be disclosed in the Company's 2020 Annual Report.</p>

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<i>why the board is of that opinion; and (c) the length of service of each director.</i>		
2.4. <i>A majority of the board of a listed entity should be independent directors.</i>	No	Due to the current size and structure of the Board, the majority of the Board are not independent.  As the Company develops, the Board intends to review the composition of the Board.
2.5. <i>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.</i>	No	The Company's Executive Chair, Mr Tim Grice, does not satisfy the ASX Corporate Governance Principles and Recommendations definition of an independent director. However, the Board considers Mr Grice's role as Executive Chair essential to the success of the Company at this stage of its development.
2.6. <i>A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.</i>	Yes	The Company reviews its induction program for new Directors annually and ensures that ongoing training is available to Directors.  Each Director has the right to access independent professional advice in order to properly perform their duties.  Refer to the Company's Nomination Committee Charter for further detail which is located on the Company's website at the following link:  <a href="https://www.stemify.com.au/governance">https://www.stemify.com.au/governance</a>
<b>3. Promote ethical and responsible decision-making</b>		
3.1. <i>A listed entity should:</i>		
<i>(a) have a code of conduct for its directors, senior executives and employees; and</i>	Yes	The Company has adopted a Code of Conduct which is located on the Company's website at the following link:  <a href="https://www.stemify.com.au/governance">https://www.stemify.com.au/governance</a>
<i>(b) disclose that code or a summary of it.</i>	Yes	
<b>4. Safeguard integrity in financial reporting</b>		
4.1. <i>The board of a listed entity should:</i>		
<i>(a) have an audit committee which:</i>		
<i>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</i>	No	The Company, considering its current size and stage of development, does not have a separately constituted audit committee and the Board will fulfil the roles and responsibilities in relation to audit.  The Company in general meetings is responsible for the appointment of external auditors of the Company, and the Board from time to time will review the scope, performance and fees of those external auditors.
<i>(2) is chaired by an independent director, who is not the chair of the board, and disclose:</i>	No	A copy of the Charter can be accessed at: <a href="https://www.stemify.com.au/governance">https://www.stemify.com.au/governance</a>
<i>(3) the charter of the committee;</i>	Yes	
<i>(4) the relevant qualifications and experience of the members of the committee; and</i>	Yes	The Company disclosed the relevant qualifications and experience of the members in the Company's 2020 Annual Report.

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<p>(5) <i>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</i></p> <p>(b) <i>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></p>	<p>Yes</p> <p>N/A</p>	<p>The Board reviews the performance of the external auditor on an annual basis and normally meets with them during the year. The Board is responsible for the selection and appointment of the external auditor.</p>
<p>4.2. <i>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.</i></p>	Yes	<p>The Board receives a declaration from its CEO, CFO or CEO/CFO equivalent before it approves the Company's financial statements.</p>
<p>4.3. <i>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.</i></p>	Yes	<p>An external auditor will be present at the AGM and be available to answer questions from security holders relevant to the audit.</p>
<p><b>5. Make timely and balanced disclosure</b></p>		
<p>5.1. <i>A listed entity should:</i></p> <p>(a) <i>have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</i></p> <p>(b) <i>disclose that policy or a summary of it.</i></p>	<p>Yes</p> <p>Yes</p>	<p>The Company is committed to providing timely, complete and accurate disclosure of information to allow a fair, and well-informed market in its securities and compliance with the continuous disclosure requirements imposed by law, including the Corporations Act and the ASX Listing Rules.</p> <p>A copy of the Continuous Disclosure Policy available on the Company's website at:</p> <p><a href="https://www.stemify.com.au/governance">https://www.stemify.com.au/governance</a></p>
<p><b>6. Respect the rights of shareholders</b></p>		
<p>6.1. <i>A listed entity should provide information about itself and its governance to investors via its website.</i></p>	Yes	<p>The Company provides information about itself and its investors via its website which contains all relevant information about the Company. The Company will</p>

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		<p>regularly update the website and contents therein as deemed necessary. This can be accessed at:</p> <p><a href="https://www.stemify.com.au/governance">https://www.stemify.com.au/governance</a></p>
<p>6.2. <i>A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.</i></p>	Yes	<p>The Company has a formal Continuous Disclosure Policy in place whereby information will be communicated to shareholders through:</p> <ul style="list-style-type: none"> <li>(a) continuous disclosure of all relevant financial and other information to the ASX;</li> <li>(b) publishing information on the Company's website at <a href="https://www.stemify.com.au/governance">https://www.stemify.com.au/governance</a>;</li> <li>(c) periodic disclosure through the Annual Report and the half year financial report;</li> <li>(d) notice of meetings and explanatory material; and</li> <li>(e) the AGM and other general meetings.</li> </ul> <p>A copy of the policy can be accessed at <a href="https://www.stemify.com.au/governance">https://www.stemify.com.au/governance</a>.</p>
<p>6.3. <i>A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.</i></p>	Yes	<p>The Board encourages full participation by shareholders at any meeting of security holders to ensure accountability and transparency. Written questions may be put to the external auditor ahead of, and the auditor will attend, the AGM to answer shareholder queries about the Auditor's Report. Further, written questions may be submitted directly to the Company by sending an email ahead of shareholder meeting in accordance with the process set out in a Notice of Meeting and the Company will endeavour to prepare answers to these questions, where appropriate they may be modified and curated to cover common ground.</p>
<p>6.4. <i>A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.</i></p>	Yes	<p>The Company encourages shareholders to register for receipt of announcements and updates electronically and engages its share registry to manage the majority of communications with Shareholders.</p>
<p><b>7. Recognise and manage risk</b></p>		
<p>7.1. <i>The Board of a listed entity should:</i></p> <p>(a) <i>have a committee or committees to oversee risk, each of which:</i></p> <p>(1) <i>has at least three members, a majority of whom are independent directors; and</i></p> <p>(2) <i>is chaired by an independent director,</i></p> <p><i>and disclose:</i></p> <p>(3) <i>the charter of the committee;</i></p> <p>(4) <i>the members of the committee; and</i></p>	No	<p>Given the size of the Company and its Board, the Board will fulfil the roles and responsibilities in relation to risk. The Board believes that, with only four Directors on the Board, the Board itself is the appropriate forum to deal with this function. The Board continuously reviews and addresses risk facing the Company.</p> <p>Refer to the Company's Board Charter for further detail which is located on the Company's website at the following link:</p> <p><a href="https://www.stemify.com.au/governance">https://www.stemify.com.au/governance</a>.</p>

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<p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	N/A	
<p>7.2. The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose in relation to each reporting period, whether such a review has taken place.</p>	<p>Yes</p> <p>Yes</p>	<p>The Board has been delegated the task of implementing internal controls to management to identify and manage risks for which the Board provides oversight. The effectiveness of these controls is monitored and reviewed regularly by management. The Board review the Company's risk management framework throughout the year. As part of the review, management include briefings on key risks and risk management activities in their reports to the Board. Having conducted such reviews throughout the reporting period the Board resolved that the Company's risk management framework continues to be sound.</p> <p>The Company intends to disclose the matters contemplated by ASX Recommendation 7.2 in future Annual Reports.</p> <p>Refer to the Company's Board Charter for further detail which is located on the Company's website at the following link:</p> <p><a href="https://www.stemify.com.au/governance">https://www.stemify.com.au/governance</a>.</p>
<p>7.3. A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	<p>No</p> <p>No</p>	<p>Given the current size of the Company the Board directly oversees relevant risk areas as a whole and not through a separate internal audit function.</p> <p>The Board remains committed to the effective management and control of these factors.</p> <p>For further detail refer to the Company's Board Charter for further detail which is located on the Company's website at the following link:</p> <p><a href="https://www.stemify.com.au/governance">https://www.stemify.com.au/governance</a>.</p> <p>For each reporting period the Company's external auditor also conducts a control review to consider and report on the risks facing the Company and the controls the Company has in place to mitigate those risks. As and when required, the Board will engage external consultants to also review and evaluate the effectiveness of the Company's risk management and internal control processes.</p>



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7.4. <i>A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</i>	Yes	All material risks are announced to the market, in accordance with the requirements of the ASX listing rules and otherwise. The board regularly discusses the risks facing the Company at their board meetings and is also kept informed of any matters by management and also through the management reports provided to the board.
<b>8. Remunerate fairly and responsibly</b>		
8.1. <i>The Board of a listed entity should:</i> (a) <i>have a remuneration committee which:</i> (1) <i>has at least three members, a majority of whom are independent directors; and</i> (2) <i>is chaired by an independent director, and disclose:</i> (3) <i>the charter of the committee;</i> (4) <i>the members of the committee; and</i> (5) <i>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</i> (b) <i>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>	No	Given the size of the Company and its Board, the Board will fulfil the roles and responsibilities in relation to the remuneration of directors and senior executives and review of policies applicable to the Company.  For further detail refer to the Company's Remuneration Committee Charter which is located on the Company's website at the following link:  <a href="https://www.stemify.com.au/governance">https://www.stemify.com.au/governance</a> .  The Board seeks to retain professional services as it requires, at reasonable market rates, and seeks external advice and market comparisons where necessary.  The Company intends to disclose the matters contemplated by Recommendation 8.1(b) in future Annual Reports.
8.2. <i>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.</i>	Yes	Separate disclosure regarding the remuneration of the Company's directors (executive and non-executive) and senior executives is disclosed in the Company's Annual Report, as lodged with the ASX and issued to shareholders.
8.3. <i>A listed entity which has an equity-based remuneration scheme should:</i> (a) <i>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</i>	Yes	The Company's Share Trading Policy prohibiting participants of an equity-based remuneration scheme from entering into transactions which limit the economic risk of participating in the scheme.  A copy of the Securities Trading Policy is available on the Company's website at:  <a href="https://www.stemify.com.au/governance">https://www.stemify.com.au/governance</a> .

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<i>(b) disclose that policy or a summary of it.</i>	Yes	