

2020 Corporate Governance Statement

The Board of Alcidion Group Limited (the **Company** or **Group**) is responsible for the overall corporate governance of the Group. The Board believes that good corporate governance helps ensure the future success of the Company, adds value to stakeholders and enhances investor confidence.

The ASX Listing Rules require listed companies to prepare a statement disclosing the extent to which they have complied with the recommendations of the ASX Corporate Governance Council (**Recommendations**) during the reporting period. The Recommendations are not prescriptive, such that if a company considers a recommendation to be inappropriate having regard to its own circumstances, it has the flexibility not to follow it. Where a company has not followed all the Recommendations, it must identify which Recommendations have not been followed and provide reasons for not following them.

This Corporate Governance Statement (**Statement**) discloses the extent to which Alcidion Group Limited has followed the Recommendations, or where appropriate, indicates a departure from the Recommendations with an explanation. This Statement should be read in conjunction with the material on our website www.alcidion.com, including the 2020 Annual Report.

This Statement is current as at 27 August 2020 and has been approved by the Board of Directors of Alcidion Group Limited.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Recommendation 1.1 - Role of the Board and Management

The role of the Board is to approve the strategic direction of the Group, guide and monitor the management of the Company and its businesses and oversee the implementation of appropriate corporate governance with respect to the Group's affairs. The Board aims to protect and enhance the interests of its shareholders, while taking into account the interests of other stakeholders, including employees, customers, suppliers and the wider community.

The Board has a formal Board Charter which is available on our website at www.alcidion.com/investor-centre/corporate-governance/ that clearly sets out those matters expressly reserved for the Board's determination and those matters delegated to management.

The Board delegates responsibility for the day-to-day management of the Company and its businesses to the Managing Director (**MD**). The MD is supported by the senior executive team and delegates authority to appropriate senior executives for specific activities and transactions via a formal 'delegations of authority'. The Board maintains ultimate responsibility for strategy, control and risk profile of the Group.

Recommendation 1.2: Appointment of Directors

The Nomination Committee facilitates the selection and appointment of Directors. Before the Board appoints a new Director or puts forward a candidate for election, the Nomination Committee will ensure that appropriate background checks are undertaken. We provide our shareholders with all material information in our possession that is relevant to their decision on whether or not to elect or re-elect a Director through a number of channels, including via the notice of meeting and other information contained in the 2020 Annual Report.

Recommendation 1.3: Appointment Terms

Upon appointment, each Director receives a letter of appointment which sets out the formal terms of their appointment. Directors also receive a deed of indemnity, insurance and access.

Each senior executive has a written contract with the Company, setting out the terms of his or her appointment, including remuneration entitlements and performance requirements.

Recommendation 1.4: Company Secretary

The Board is supported by its Company Secretary, whose role includes supporting the Board on governance matters, assisting the Board with meetings and directors' duties, and acting as an interface between the Board and senior executives across the Group. The Board and individual Directors have access to its Company Secretary.

Under the Company's governance framework, the Company Secretary is accountable to the Board, through the Chair, on all matters regarding the proper functioning of the Board. The Board is responsible for the appointment of the Company Secretary.

Details regarding our Company Secretary, including experience and qualifications, is set out in the Directors' Report in our 2020 Annual Report.

Recommendation 1.5: Diversity Policy

The workforce of the Company comprises individuals with diverse skills, backgrounds, perspectives and experiences and this diversity is valued and respected. To demonstrate the Company's commitment to developing measurable objectives to achieve diversity and inclusion in its workplace, the Company has implemented a Diversity Policy which can be viewed at www.alcidion.com/investor-centre/corporate-governance/. The Company's policy has meritocracy as a guiding principle and seeks to align the Company's management systems with its commitment to continue to develop a culture that values and achieves diversity in its workforce and on its Board.

The Board and management considers building a diverse and inclusive workforce as paramount to gaining the best insight into the needs of our customers and stakeholders. A diversity of perspectives and backgrounds also strengthens creativity and innovation in teams. Particular focus is paid to achieving a balance of men and women in senior management positions across the Group.

The proportion of women on the Board, in senior executive positions and women across the entire organisation as at 30 June 2020 was as follows:

- Women on the Board – 33.33%
- Women in senior executive positions – 60.00%
- Women across the entire organisation – 33.90%

The Company's workforce is relatively small and as such the Board does not believe it is appropriate to establish formal diversity objectives at this stage and therefore, we do not comply with Recommendation 1.5 in its entirety.

Recommendation 1.6: Board Performance Assessment

The Board is committed to formally evaluating its performance, the performance of its Committees and individual Directors, as well as the governance processes supporting the Board. The Board does this through an annual assessment process.

The review process involves:

- completion of a survey by each Director and nominated Senior Executive who have regular interaction with the Board, facilitated by the Company Secretary;
- the preparation and provision of a report to each Director with feedback on the performance of the Board based on the survey results; and

- the Board meeting to discuss any areas and actions for improvement.

In the case of the Managing Director, this review is conducted by the Chair and the results are reported to the Board.

An internal Board assessment took place in July 2020. An analysis of the data collected indicated that the Board is functioning effectively against the majority of its criteria. It was also noted that there were some opportunities identified to improve Board effectiveness.

Recommendation 1.7: Senior Executive Performance Assessment

Senior Executives are appointed by the Managing Director and their Key Performance Indicators (KPI's) contain specific financial and non-financial objectives.

These KPI's are reviewed annually by the MD. The performance of each Senior Executive against these objectives is evaluated annually.

In the case of the Managing Director, this review is conducted by the Chair and the results are reported to the Board.

Performance evaluations were undertaken during the reporting period by the Company in accordance with the process.

PRINCIPLE 2 – BOARD STRUCTURE

Recommendation 2.1: Nomination Committee

The Company's Nomination Committee Charter provides for the creation of a Nomination Committee, with at least three members, a majority of whom are independent Directors, and which must be chaired by an independent Director. The Nomination and Remuneration Committee Charter is available on our website at www.alcidion.com/investor-centre/corporate-governance/

The Board has established a Nomination and Remuneration Committee, which consists of three members, all of whom are independent Directors, being Simon Chamberlain, Rebecca Wilson and Nick Dignam. The Committee is chaired by Simon Chamberlain. All Directors have relevant experience as shown in their biographies in the Directors Report.

Details of meetings held by the Committee during the year and member attendance are set out in the 2020 Directors' Report.

In accordance with the Company's Nomination Committee Charter the primary function of the Committee is to assist the Board to carry out the following:

- review Director competence standards;
- review Board succession plans;
- evaluate the Board's performance;
- make recommendations for the appointment and removal of Directors to the Board; and
- make recommendations to the Board on recruitment, retention and termination policies for senior management.

Recommendation 2.2: Board Skills Matrix

Our objective is to have an appropriate mix of expertise and experience on our Board so that it can effectively discharge its corporate governance and oversight responsibilities. It is the Board's view that the current Directors possess an appropriate mix of relevant skills, experience, expertise and diversity to enable the Board to discharge

its responsibilities and deliver the Company’s strategic objectives. This mix is subject to review on a regular basis as part of the Board’s performance review process.

The skills and experience represented in the Board and relevant to the Company’s business are set out in the matrix below and following the Company’s annual performance and skills review, it is satisfied that it meets expectations in all the below categories:

Skills and experience

Strategy and leadership	Health, safety, social and environmental responsibility
Policy development	Stakeholder communication and engagement
Corporate governance	Operational leadership
Financial analysis and capital markets expertise	Global experience
Risk and compliance oversight	Critical and innovative thinking
People management	Negotiation and influence
Commercial experience	Enabling innovation and technology
Legal and regulatory approval	

To the extent that any skills are not directly represented on the Board, they are augmented through management and external advisors. Full details of each Directors’ relevant skills and experience are set out in the Company’s 2020 Annual Report.

Recommendation 2.3: Independent Directors

An independent director is a non-executive director who is not a member of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of judgement.

The Board regularly assesses the independence of each Non-Executive Director in light of the information which each Director is required to disclose in relation to any material contract or other relationship with the Company in accordance with the Director’s terms of appointment, the Corporations Act 2001, the Board Charter and Related Party Policy.

When appointing an independent director or reviewing the independence of its Directors’, the Board will have regard to the definition of independent director and the factors set out in the Recommendations, in particular the factors relevant to assessing the independence of a director set out in Recommendation 2.3.

The Board’s assessment of each current Director is set out below.

Name	Position	Appointment Date	Status
Rebecca Wilson	Non-Executive Chair	1 August 2017	Independent
Kate Quirke	Managing Director	3 July 2018	Non-Independent
Malcolm Pradhan	Executive Director	22 February 2016	Non-Independent
Raymond Blight	Non-Executive Director	22 February 2016	Non-Independent
Nick Dignam	Non-Executive Director	22 February 2016	Independent
Simon Chamberlain	Non-Executive Director	1 July 2019	Independent

The Board considers that Rebecca Wilson, Nick Dignam and Simon Chamberlain are free from any business or any other relationship that could materially interfere with, or reasonably be perceived to interfere with, the exercise of his unfettered and independent judgement and is able to fulfil the role of independent director for the purpose of the Recommendations.

Kate Quirke and Malcolm Pradhan are considered by the Board not to be independent being Managing Director and Executive Director of the Company respectively. Raymond Blight is also deemed to be not independent by

virtue of his position as Executive Chair of the Company until 25 January 2020. In addition, Kate Quirke, Malcolm Pradhan and Raymond Blight (or entities controlled by them) are substantial shareholders of the Company and as such are not considered by the Board to be independent.

Recommendation 2.4: Majority Independence

As at the date of this Statement, three of our six Directors' are deemed non-independent. Although the composition of our Board does not comply with Recommendation 2.4, the current Board composition reflects an appropriate balance of skills, expertise and experience to fulfil its obligations to act in the best interests of the Company and all stakeholders. The Board also considers that there are appropriate safeguards in place including policies and protocols to ensure independent thought and decision making.

It is noted that the composition of the Board will be reassessed in the future in line with changes in the Group's operations and will be adjusted as deemed appropriate. The Board will consider the Recommendations in assessing any future changes in board composition.

Further information regarding our Directors', including their experience and qualifications, is set out in the Directors' Report of our 2020 Annual Report.

Recommendation 2.5: Board Chair

On 30 August 2019 Rebecca Wilson was appointed as Non-Executive Chair of the Company and is considered an independent Director. The Chair provides leadership to the Board in relation to all Board matters and is responsible for ensuring that the Board meets its responsibilities under the Board Charter. The role of Chair is set out in more detail in the Board Charter.

The roles of Chair and Managing Director are exercised by different individuals, being Rebecca Wilson and Kate Quirke respectively.

Recommendation 2.6: Induction, Education and Training

New Directors are provided with copies of all relevant documents and policies governing the Company's business, operations and management, at the time of joining the Board. All Directors are provided with ongoing professional development and training opportunities to enable them to develop and maintain their skills and knowledge. Directors are also encouraged to personally undertake appropriate training and refresher courses as appropriate to maintain the skills required to discharge their obligations to the Company.

PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY

Recommendation 3.1: Statement of Values

Alcidion's values are the guiding principles and norms that define what type of organisation it aspires to be and what it requires from its directors.

CORE VALUES

We are Brave
We are Optimistic
We are Creative and Innovative
We Amaze our Customers
We are a Team
We Celebrate our Achievements

Alcidion's Executive Team are responsible for instilling these values across the organisation.

Recommendation 3.2: Code of Conduct

The Board recognises the need to observe the highest standards of corporate practices and business conduct. Accordingly, the Board has adopted a Code of Conduct designed to:

- provide a benchmark for professional behaviour throughout the Group;
- support the Company's business reputation and corporate image; and
- make Directors' and employees aware of the consequences if they breach the Code of Conduct.

The Code of Conduct can be found on our website at www.alcidion.com/investor-centre/corporate-governance/. The key aspects of this Code are to:

- act fairly with honesty and integrity in the best interests of the Company and in the reasonable expectations of shareholders;
- act in accordance with all applicable laws, regulations, and the Company policies and procedures;
- have responsibility and accountability for individuals for reporting and investigating reports of unethical practices; and
- use the Company's resources and property properly.

The Code of Conduct sets out the Company's policies on various matters including ethical conduct, business conduct, compliance, privacy and security of information.

Recommendation 3.3: Whistleblower Policy

The Whistleblower Policy demonstrates that the Company is committed to the highest standards of conduct and ethical behaviour in all of its business activities. The Company supports a culture of honest and ethical behaviour in ensuring good corporate compliance and governance. The policy sets out, amongst other things, instances of suspected misconduct which can be reported to the internal and external parties and summarises the protections offered to whistleblowers.

Any material breach of the Company's policies, including any breach of the Whistleblower Policy, is raised and reviewed at each Board Meeting.

The Whistleblower Policy is available on the Company's website www.alcidion.com/investor-centre/corporate-governance/.

Recommendation 3.4: Anti-bribery and Corruption Policy

The Anti-Bribery and Corruption Policy demonstrates that the Company is committed maintain high standards of integrity and accountability in conducting its business. The policy provides a framework of guidelines and principles to encourage ethical behaviour in the conduct of business.

Any material breach of the Company's policies, including any breach of the Anti-Bribery and Corruption Policy, is raised at the Audit and Risk Committee level, with the latter reporting on them at the next Board meeting.

The Anti-Bribery and Corruption Policy is available on the Company's website www.alcidion.com/investor-centre/corporate-governance/.

PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING

Recommendation 4.1: Audit Committee

The Company's Audit and Risk Committee Charter provides for the creation of an Audit and Risk Committee, with at least three members, a majority of whom are independent Directors, and which must be chaired by an

independent Director who is not the Board Chair. The Audit and Risk Committee Charter is available on our website at www.alcidion.com.

The Board has established an Audit and Risk Committee, which consists of three members, all of whom are independent Directors, being Nick Dignam, Ray Blight and Simon Chamberlain. The Committee is chaired by Nick Dignam.

Details of meetings held by the Committee during the year and member attendance are set out in the 2020 Directors' Report.

In accordance with the Company's Audit and Risk Committee Charter the primary function of the Committee is to assist the Board to carry out the following:

- review and monitor the integrity of the Company's financial reports and statements;
- monitor the performance and independence of the external auditor; and
- reviewing the consolidated accounts of the company.

It also has risk management and internal control functions as set out under Recommendation 6.1.

Recommendation 4.2: Assurances

The Managing Director and Chief Financial Officer (**CFO**) provide an annual declaration to the Board prior to the Board's approval of the Company's full year financial results. This process was followed for the 2020 full year financial results, where the MD and CFO provided a declaration to the Board that, in their opinion, the financial records 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 Group, and their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively. On this basis, the 2020 full year financial results were approved by the Board.

Recommendation 4.3: Verification of integrity of periodic corporate reports

Our external auditor, William Buck, was appointed following our 2016 Annual General Meeting (**AGM**). William Buck attends our AGM and a representative is available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

William Buck's independence declaration is contained in the Directors' Report in our 2020 Annual Report.

Any periodic corporate report the company releases to the market that is not audited or reviewed by an external auditor is reviewed and approved by the Board so that it is satisfied the report in question is materially correct, balanced and provides investors with appropriate information to make an informed investment decision. Following review by the Board of Directors the report is formally approved prior to release.

PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE

Recommendation 5.1: Continuous Disclosure Policy

We are committed to providing information to shareholders and to the market in a manner that is consistent with the meaning and intention of the ASX Listing Rules and the Corporations Act.

To comply with these obligations, the Board has adopted a Continuous Disclosure Policy (**Policy**), which is available on our website at www.alcidion.com/investor-centre/corporate-governance/. This Policy sets out the key obligations of directors and employees in relation to the Company's continuous disclosure requirements.

The Board has overarching responsibility for compliance with continuous disclosure obligations and the Board approval is required for certain key matters (as set out in the Policy) and matters may be referred to the Board

for approval by the Managing Director or the Company Secretary.

The Board is committed to the promotion of investor confidence by ensuring that trading in the Company's securities takes place in an efficient, competitive and informed market and in compliance with our Securities Trading Policy (as applicable). In accordance with continuous disclosure obligations under the ASX Listing Rules, the Company has procedures in place to ensure that all price sensitive information is identified, reviewed by management and disclosed to the ASX in a timely manner. The Company website includes a link to all information disclosed to the ASX.

Recommendation 5.2: Provide Board with copies of all material market announcements

Alcidion ensures that its Board receives copies of all material market announcements prior to release to the market followed by immediate notification including announcement following each release to the market.

Recommendation 5.3: Investor Presentations

In accordance with the recommendation, Alcidion ensures that all substantive presentations are released to the market to enable security holders the opportunity to participate in the presentation.

PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS

Recommendation 6.1: Information and Governance

Information about the Company and its corporate governance policies is available on our website at www.alcidion.com/investor-centre/corporate-governance/.

The Company also maintains a separate investor page on our website to provide shareholders with links to annual and interim reports, ASX announcements, presentations and other key information.

Recommendation 6.2: Investor Relations

We endeavour to communicate with shareholders and other stakeholders in an open, regular and timely manner so that the market has sufficient information to make informed investment decisions.

Through its shareholder communications, we aim to provide information that will allow existing shareholders, potential shareholders and financial analysts to make informed decisions about the Group's intrinsic value and meet its obligations under the ASX's continuous disclosure regime.

Our investor relations program includes:

- issuing regular written shareholder communications such as quarterly financial reporting and an Annual Report to address the Company's strategy and performance;
- sending and receiving shareholder communications electronically;
- maintaining the Board and corporate governance and investor sections on our website including posting all announcements after they have been disclosed to the market;
- promoting two-way interaction with shareholders, by supporting shareholder participation at general meetings including encouraging shareholders to send their questions to the Company prior to the annual general meeting and responding to their questions and feedback; and
- ensuring that continuous disclosure obligations are understood and complied with throughout the Group.

Shareholder queries should be referred to the Company's Investor Relations Partner, WE Communications, in the first instance.

Our Group Policy for Shareholder Communications is available on our website at www.alcidion.com/investor-

[centre/corporate-governance/](#).

Recommendation 6.3: Shareholder Meeting Participation

Shareholders are forwarded the Company's Annual Report, if requested (it is otherwise made available on the Company's website), and documents relating to each general meeting, being the notice of meeting, any explanatory memorandum and a proxy form and shareholders are invited to attend these meetings.

The Board regards each general meeting as an important opportunity to communicate with shareholders and it provides a key forum for shareholders to ask questions about the Company, its strategy and performance. At shareholder meetings, the Company will provide an opportunity for shareholders and other stakeholders to hear from and put questions to the Board, management and if applicable our external auditor.

Recommendation 6.4: All substantive resolutions at a security holder meeting are decided by poll

In order to ascertain the true will of Alcidion's security holders attending and voting at its security holder meetings, whether they attend in person, electronically or by proxy or other representative, in most situations where this can be achieved the company will conduct the voting procedure by a poll.

Recommendation 6.5: Electronic Communication with Shareholders

Shareholders are encouraged to take advantage of the benefits of electronic communications by electing to receive communication from the Company and its share registry electronically.

PRINCIPLE 7 – RECOGNISE AND MANAGE RISK

Recommendation 7.1: Risk Committee

The Company's Audit and Risk Committee Charter provides for the creation of an Audit and Risk Committee, with at least three members, a majority of whom are independent Directors, and which must be chaired by an independent Director who is not the Board Chair. The Audit and Risk Committee Charter is available on our website at www.alcidion.com/investor-centre/corporate-governance/.

The Board has established an Audit and Risk Committee, which consists of three members, all of whom are independent Directors, being Nick Dignam, Ray Blight and Simon Chamberlain. The Committee is chaired by Nick Dignam.

Details of meetings held by the Committee during the year and member attendance are set out in the 2020 Directors' Report.

In accordance with the Company's Audit and Risk Committee Charter the Committee also has delegated responsibilities in relation to risk management which includes assisting the Board to:

- review and make recommendations regarding the adequacy and integrity of the Company's risk management framework and system of internal controls; and
- reviewing compliance with relevant laws and regulations.

Recommendation 7.2: Risk Management Framework

The Group's risk management framework is supported by the Board of Directors, management and the Audit and Risk Committee. The Board is responsible for approving and reviewing the Company's risk management strategy and policy. Management are responsible for monitoring that appropriate processes and controls are in place to effectively and efficiently manage risk. Management are responsible for monitoring compliance with and the effectiveness of risk management systems and controls at a divisional level including financial and non-financial risks. Senior management regularly reports to the Board on the adequacy of its risk management

systems, processes and key matters for consideration.

The Board has adopted a Risk Management Policy which sets out the Company's system of risk oversight, management of material business risks and internal control. The Company's risk management framework including risk profile and risk registers are reviewed on a periodic basis, and a review was undertaken by the Audit and Risk Committee during this past financial year.

Recommendation 7.3: Internal Audit

The internal audit function provides independent and objective assurance on the adequacy and effectiveness of the Group's systems for risk management, internal control and governance, along with recommendations to improve the efficiency and effectiveness of these systems and processes.

The Audit and Risk Committee oversees relevant financial and non-financial risks and not through a separate internal audit function.

During the past financial year, the Company employed the following process for evaluating and continually improving the effectiveness of its risk management and internal control processes:

- the Audit and Risk Committee monitors the need for an internal audit function having regard to the size, location and complexity of the Company's operations;
- senior management facilitate the periodic review of financial and non-financial systems and processes and present to the Board the objectives and scope, proposed outcomes and any recommendations arising from the review; and
- the Board reviews risk management and internal compliance procedures at each Board meeting and any risk matters raised for consideration by Senior Management.

Recommendation 7.4: Economic, Environmental and Social Sustainability Risk

The Company is not subject to any particular or significant single economic, environmental and social sustainability risk. The Company is subject to a range of general economic risks, including macro-economic risks, government policy (including policy regarding technology and research and development), general business conditions, changes in technology and many other factors.

The Board does not believe the Company has any material exposure to economic and social sustainability risks at the present time.

PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBILITY

Recommendation 8.1: Remuneration Committee

The Company's Remuneration Committee Charter provides for the creation of a Remuneration Committee, with at least three members, a majority of whom are independent Directors, and which must be chaired by an independent Director. The Nomination and Remuneration Committee Charter is available on our website at www.alcidion.com/investor-centre/corporate-governance/.

The Board has established a Nomination and Remuneration Committee, which consists of three members, all of whom are independent Directors, being Simon Chamberlain, Rebecca Wilson and Nick Dignam. The Committee is chaired by Simon Chamberlain.

Details of meetings held by the Committee during the year and member attendance are set out in the 2020 Directors' Report.

In accordance with the Company's Remuneration Committee Charter the Committee has delegated responsibilities in relation to remuneration matters which includes assisting the Board to:

- make recommendations to the Board on:

- executive remuneration and incentive policies;
- the remuneration packages of senior management;
- incentive schemes;
- superannuation arrangements; and
- the remuneration framework for directors.

Recommendation 8.2: Remuneration Policies and Practices

The Nomination and Remuneration Committee is responsible for determining and reviewing remuneration policies for the directors and senior executives. If necessary, it obtains independent advice on the appropriateness of remuneration packages given trends in comparable companies and in accordance with the objectives of the Company.

Details of the Company's remuneration practices for its Directors and senior executives are disclosed in the Remuneration Report in the Company's Annual Report. The Remuneration Report highlights the balance between fixed pay, short term incentive and long term incentives, and includes details of the remuneration paid and the relationship to the Company's performance.

Recommendation 8.3: Equity Based Remuneration Scheme

The Company's Securities Trading Policy prohibits relevant personnel from entering into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme.

Further, all relevant personnel are prohibited from entering into margin loan arrangements to fund the acquisition of any of the Company's securities or from entering into arrangements whereby their securities in the Company are used as collateral.

The Securities Trading Policy is available on our website at www.alcidion.com.