

CORPORATE GOVERNANCE STATEMENT – for the year ended 30 June 2018

This Corporate Governance Statement sets out PainChek Limited’s compliance with the third edition of the ASX Corporate Governance Council’s Corporate Governance Principles and Recommendations (**ASX Principles and Recommendations**) as 30 June 2018 and approved by the Board. The Company’s policies discussed below can be found at www.painchek.com.

ASX Principles and Recommendations	Comply (Yes / No)	Commentary												
1. Lay solid foundations for management and oversight														
1.1 A listed entity should disclose: (a) the respective roles and responsibilities of its Board and management; and (b) those matters expressly reserved to the Board and those delegated to management.	Yes Yes	The Board Charter sets out these matters. The Board delegates responsibility for the day-to-day operations and administration of the Company to the Chief Executive Officer / Managing Director.												
1.2 A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	Yes Yes	The Company undertakes appropriate checks before appointing a person as a Director of the Company. When the election of a Director is put to security holders all material information relevant to the vote are incorporated in the meeting documents.												
1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Yes	The Company has written agreements in place with each of its Directors and senior executives.												
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.	Yes	The Company Secretary is directly accountable to the Board on all matters to do with the proper functioning of the Board.												
1.5 A listed entity should: (a) Have a diversity policy; (b) Disclose that policy or a summary of it; (c) Disclose the measurable objectives for achieving gender diversity and the its progress towards achieving them; and (d) The respective proportions of men and women.	Yes Yes No Yes	The Board has adopted a diversity policy that applies to all directors and officers of the Company. Given the small size of the Company, the Board has not yet set measurable objectives for achieving gender diversity. The table below provides actual data on gender diversity that currently exists within the group. <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: right;">Number</th> <th style="text-align: right;">%</th> </tr> </thead> <tbody> <tr> <td>Women employed whole organisation</td> <td style="text-align: right;">1</td> <td style="text-align: right;">11%</td> </tr> <tr> <td>Women in senior executive roles</td> <td style="text-align: right;">0</td> <td style="text-align: right;">0%</td> </tr> <tr> <td>Women in board positions</td> <td style="text-align: right;">0</td> <td style="text-align: right;">0%</td> </tr> </tbody> </table>		Number	%	Women employed whole organisation	1	11%	Women in senior executive roles	0	0%	Women in board positions	0	0%
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1.6 A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the Board, its	No	The performance of the Board and individual Directors are evaluated in accordance with the Performance Evaluation Policies introduced via the Board Charter.												

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<p>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>	No	<p>Given the small size of the Company, the Board has not completed a performance evaluation of its Committees and all of its individual Directors. A performance evaluation was completed for the managing director with reference to achievement of KPI's set by the board.</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 process for performance evaluation is individual interviews with reference to achievement of KPI's set by the board.</p> <p>A performance evaluation was completed for the managing director and other senior executives.</p>
2. Structure the Board to add value		
<p>2.1 The Board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director,</p> <p>and</p> <p>(b) disclose:</p> <p>(1) the charter of the committee;</p> <p>(2) the members of the committee; and</p> <p>(3) as at the end of each reporting period, the number of times the committee met.</p>	No	<p>There is no nomination committee separate to the full Board. The role of the nomination committee is undertaken by the full Board. The Board considers that, given the Board is comprised of four Directors and given the current size and scope of the Company's operations, no efficiencies or other benefits would be gained by establishing a separate nomination committee.</p>
<p>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.</p>	Yes	<p>The Board skills matrix is on the Company's website.</p>
<p>2.3 A listed entity should disclose:</p> <p>(a) the names of the directors considered by the Board to be independent directors;</p> <p>(b) the nature of the interest, position, association or relationship in question and an explanation of why the Board is of that opinion; and</p> <p>(c) the length of service of each director</p>	Yes	<p>The names and dates of appointment of the Directors whom the Company considers to be independent are:</p> <ul style="list-style-type: none"> • John Murray (appointed 30/9/2016) • Adam Davey (appointed 30/9/2014) • Ross Harricks (appointed 30/9/2016) <p>Philip Daffas is the Managing Director and is not considered to be independent.</p>

ASX Principles and Recommendations	Comply (Yes / No)	Commentary
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.	Yes	It is the Board's policy, that the CEO (or equivalent) and the CFO (or equivalent) make the attestations recommended by the ASX Corporate Governance Council as to the Company's financial condition prior to the Board signing the Annual Report. The CEO and CFO, or persons acting in those roles, have declared to the Board that the Company's management of its material business risks is effective.
4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Yes	The Company's auditor attends its AGM and is available to answer questions from security holders relevant to the audit.
5. Make timely and balanced disclosure		
5.1 A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	Yes Yes	The Continuous Disclosure Policy sets out the key obligations of the Directors and employees in relation to continuous disclosure as well as the Company's obligations under the Listing Rules and the Corporations Act.
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.	Yes	The Company's website: www.painchek.com contains all relevant information about the Company.
6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Yes	The Shareholder Communications Policy sets out the Company's aims and practices in respect of communicating with both current and prospective shareholders.
6.3 A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Yes	As set out in its Shareholder Communications Strategy.
6.4 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Yes	Shareholders can register with the Company's Share Registry to receive email notifications of when an announcement is made by the Company to the ASX, including the release of the annual, half yearly and quarterly reports. Links are made available to the Company's website on which all information provided to the ASX is immediately posted.

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7. Recognise and manage risk		
<p>7.1 The Board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <ol style="list-style-type: none"> 1. has at least three members, a majority of whom are independent directors; and 2. is chaired by an independent director, <p>and</p> <p>(b) disclose:</p> <ol style="list-style-type: none"> 1. the charter of the committee; 2. the members of the committee; and 3. the number of times the committee met; <p>or</p> <p>(c) 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>	No.	<p>The Company recognises that risk is inherent to any business activity and that managing risk effectively is critical to the immediate and future success of the Company. As a result, 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.</p> <p>Due to the size and scale of operations of the Company the full Board undertakes the role of the Risk Management Committee.</p>
<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 is responsible for overseeing the Company's risk management systems, practices and procedures to ensure effective risk identification and management and compliance with internal guidelines and external requirements.</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.</p>	No	<p>Due to the size and scale of operations of the Company the Board considers that it would not be efficient to implement an internal audit function at this time. The Board is responsible for overseeing the Company's risk management systems, practices and procedures.</p>
<p>7.4 A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	Yes	<p>The Company is faced with a number of economic and social sustainability risks. The Board, carrying out the functions of the Audit and Risk Committee reviews and manages these risks on a regular basis.</p>

