

## **Creso Pharma Limited** and its controlled entities **Corporate Governance Statement**

The Board of Creso Pharma Limited (**Company**) is responsible for establishing the Company's corporate governance framework, and in doing so, the Board refers to the Corporate Governance Principles and Recommendations (4<sup>th</sup> Edition) published by the ASX Corporate Governance Council (**Recommendations**). The Company sets out below its compliance with, and departures from the Recommendations for the financial year ended 31 December 2022 (**Reporting Period**).

As at the date of this Statement, the Company has adopted the following corporate governance policies and procedures, which can be found on the Company's website at <https://www.cresopharma.com/corporate-governance/> (together, the **Corporate Governance Plan**):

- a) Board Charter
- b) Corporate Code of Conduct
- c) Audit and Risk Committee Charter
- d) Remuneration Committee Charter
- e) Nomination Committee Charter
- f) Performance Evaluation Policy
- g) Continuous Disclosure Policy
- h) Risk Management Policy
- i) Trading Policy
- j) Diversity Policy
- k) Whistleblower Protection Policy
- l) Anti-Bribery and Anti-Corruption Policy
- m) Shareholder Communication Policy

The Board is committed to administering the Corporate Governance Plan with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

In light of the Company's size and nature, the Board considers that the current corporate governance regime is a fit-for-purpose and practical framework for directing and managing the Company. As the Company's activities and resources expand in size and nature, the implementation of additional corporate governance policies and structures will be reviewed.

## **Principle 1: Lay solid foundations for management and oversight**

### Recommendation 1.1

*A listed entity should have and disclose a board charter setting out:*

- (a) the respective roles and responsibilities of the board, the chair and management; and*
- (b) those matters expressly reserved to the board and those delegated to management.*

The Company complied with Recommendation 1.1 in full for the whole of the Reporting Period.

The Company has adopted a Board Charter which complies with the guidelines prescribed by the ASX Corporate Governance Council, and sets out the respective roles and responsibilities of the board, the chair and management and those matters expressly reserved to the board and those delegated to management.

The Chairman of the Board is responsible for the leadership and operations of the Board.

The Board delegates responsibility for the day-to-day operations and administration of the Company to the Managing Director. The role of the Managing Director and the senior management team is to manage the general operations and financial business of the Company, in accordance with the roles and responsibilities delegated by the Board, including instilling and reinforcing the Company's values.

In addition to matters it is expressly required by law to approve, the Board has reserved the following matters to itself:

1. Driving the strategic direction of the Company and defining the Company's purpose, ensuring appropriate resources are available to meet objectives and monitoring management's performance.
2. Approving the Company's statement of values and Code of Conduct to ensure the desired culture within the Company is maintained and monitoring the implementation of such values and culture at all times.
3. Ensuring that an appropriate framework exists for relevant information to be reported by management to the Board.
4. When required, challenging management and holding them to account,
5. Appointment and replacement of the Managing Director, other senior executives and the Company Secretary and the determination of the terms and conditions of their employment including remuneration and termination.
6. Approving the Company's remuneration framework and ensuring it is aligned with the Company's purpose, values, strategic objectives and risk appetite.
7. Monitoring the timeliness and effectiveness of reporting to shareholders.
8. Reviewing and ratifying systems of audit, risk management (for both financial and non-financial risk) and internal compliance and control, codes of conduct and legal compliance to minimise the possibility of the Company operating beyond acceptable risk parameters.
9. Approving and monitoring the progress of major capital expenditure, capital management and significant acquisitions and divestitures.
10. Approving and monitoring the budget and the adequacy and integrity of financial and other reporting such that the financial performance of the Company has sufficient clarity to be actively monitored.
11. Approving the annual, half yearly and quarterly accounts.
12. Approving significant changes to the organisational structure.
13. Approving decisions affecting the Company's capital, including determining the Company's dividend policy and declaring dividends.

14. Recommending to shareholders the appointment of the external auditor as and when their appointment or re-appointment is required to be approved by them (in accordance with the ASX Listing Rules if applicable).
15. Ensuring a high standard of corporate governance practice and regulatory compliance and promoting ethical and responsible decision making.
16. Procuring appropriate professional development opportunities for Directors to develop and maintain the skills and knowledge needed to perform their role as Directors effectively and to deal with new and emerging business and governance issues.

A copy of the Company's Board Charter is set out in the Corporate Governance Plan which is available at the Company's website.

#### 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 relevant to a decision on whether or not to elect or re-elect a director.*

The Company complied with Recommendation 1.2 in full for the whole of the Reporting Period.

It is the Company's policy under its Nomination Committee Charter, to undertake appropriate checks before appointing a Director or senior executive, or putting someone forward for election as a director. These checks include, but are not limited to formal bankruptcy and criminal history checks as well as informal character reference checks and general due diligence. The Company also provides shareholders with all material information relevant to a decision on whether or not to elect or re-elect a Director prior to any general meeting at which a resolution to elect or re-elect a Director is to be voted on.

During the Reporting Period, William Lay, Bruce Linton and Micheline Mackay were put forward for election and Adam Blumenthal was put forward for re-election at the 2022 Annual General Meeting. All information relevant to their appointments was included in the Notice of Meeting dated 19 May 2022.

Subsequent to the 2022 Annual General Meeting, Jodi Scott, Benjamin Quirin, and Peter Hatfull were appointed as casual directors during the Reporting Period.

For every new appointment undertaken during the Reporting Period and to date, the requisite background checks were undertaken in compliance with the Company's policy, either before or soon after appointment.

#### Recommendation 1.3

*A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.*

The Company complied with Recommendation 1.3 in full for the whole of the Reporting Period.

The Company has a written agreement with each Director and senior executive of the Company, which sets out the terms of their appointment.

#### 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 complied with Recommendation 1.4 in full for the whole of the Reporting Period.

The Board Charter of the Company sets out the specific responsibilities of the Company Secretary and provides that the Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of 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:
  - (i) the measurable objectives set for that period to achieve gender diversity;
  - (ii) the entity's progress towards achieving those objectives; and
  - (iii) 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 complied with Recommendation 1.5 in part for the whole of the Reporting Period.

The Board and the Company as a whole is committed to an inclusive workplace that embraces and values diversity while always upholding the principle of meritocracy.

The Company has adopted a Diversity Policy however, given the current size of the Company, the Board has determined that the benefits of the initiatives recommended by the ASX Corporate Governance Council in this regard are disproportionate to the costs involved in the implementation of such strategies. Accordingly, the Board has elected to adopt a tiered approach to the implementation of its Diversity Policy which is relative to the size of the Company and its workforce.

The Company's policy provides:

- a) Where the Company employs 100 or more employees, the Board undertakes to adopt practices in line with the Recommendations of the ASX Corporate Governance Council, including compliance with the requirement for the Company to set and report against measurable objectives for achieving gender diversity.
- b) Whilst the Company's workforce remains below this threshold, the Board will continue to drive the Company's diversity strategies on an informal basis and will apply the initiatives contained in its Diversity Policy to the extent that the Board considers relevant and necessary.

As the Group's workforce remained below 100 employees during the Reporting Period, the Company's diversity initiatives were managed informally by in-country/divisional managers, with no formal reporting at parent level.

Further, during the Reporting Period:

- (a) the Company had in place a Diversity Policy which was disclosed on its website;
- (b) for the reasons set out above, the Board did not set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally;
- (c) the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation are set out below. The Company defines 'senior executives' as those employees whose direct report is the Board:
  - 28.57% of the Company's Board members as at 31 December 2022 were female;
  - 50% of the Company's senior executives as at 31 December 2022 were female; and

- 43% of the Company's entire workforce of 97 people as at 31 December 2022 were female.

The Company's senior executives are the C-suite executive employees identified as "Key Management Personnel" in the Remuneration Report of the Company's 2022 Annual Report.

The Company was not in the S&P/ASX300 Index at the commencement of the Reporting Period.

#### Recommendation 1.6

*A listed entity should:*

- have and disclose a process for periodically evaluating the performance of the Board, its committees and individual Directors; and*
- 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 Company complied with Recommendation 1.6 in full for the whole of the Reporting Period.

The Company has adopted a Performance Evaluation Policy which sets out the process for annually evaluating the performance of the Board, its committees, individual directors and senior executives. The Remuneration and Nomination Committee is responsible for evaluating the performance of the Board and individual Directors on an annual basis, with the aid of an independent advisor, if deemed required.

A copy of the Performance Evaluation Policy is disclosed on the Company's website.

The Board did not undertake formal performance evaluations of the Board or the Company's senior executives during the Reporting Period as 2022 was a transformative year with several material changes to the composition of the Board and Management Team, with six new board appointments, two board resignations and concurrently, the appointment of a new Managing Director. In this context, the Board did not consider it necessary or appropriate to undertake a formal performance evaluation process, but intends to do so in 2023.

#### Recommendation 1.7

*A listed entity should:*

- have and disclose a process for periodically evaluating the performance of its senior executives at least once every reporting period; and*
- 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 Company complied with Recommendation 1.7 in full for the whole of the Reporting Period.

The Company has adopted a Performance Evaluation Policy which sets out the process for annually evaluating the performance of the Board, its committees, individual directors and senior executives. The Remuneration and Nomination Committee is responsible for evaluating the performance of senior executives on an annual basis, with the aid of an independent advisor, if deemed required.

A copy of the Performance Evaluation Policy is disclosed on the Company's website.

The Board did not undertake a formal performance evaluation of the Managing Director, Mr William Lay, as he was only appointed in 17 January 2022 and was not due for an annual performance review as at the end of the Reporting Period. No other formal performance evaluations were undertaken during the Reporting Period.

### **Principle 2: Structure the board to be effective and add value**

#### Recommendation 2.1

*The board of a listed entity should:*

- have a nomination committee which:*
  - has at least three members, a majority of whom are independent directors; and*

- (ii) *is chaired by an independent director, and disclose:*
  - (iii) *the charter of the committee;*
  - (iv) *the members of the committee; and*
  - (v) *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, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively.*

The Company did not comply with Recommendation 2.1 in full for the whole of the Reporting Period.

Throughout the Reporting Period, the Company's joint Remuneration and Nomination Committee was comprised of the following members:

- from 1 January 2022 to 27 April 2022:
  - James Ellingford (Committee Chairman); and
  - Adam Blumenthal (Committee Member)
- from 27 April 2022 to 17 July 2022:
  - Adam Blumenthal (Committee Chairman)
  - James Ellingford (Committee Member); and
  - Boaz Wachtel (Committee Member).
- from 17 July 2022 to 30 November 2022:
  - James Ellingford (Committee Chairman), who resigned on 30 November 2022; and
  - Adam Blumenthal (Committee Member), who resigned on 10 October 2022.
  - Boaz Wachtel (Committee Member).

Given the size of the Board and the size and nature of the Company's operations, the Directors had previously determined that the roles and responsibilities of the Remuneration & Nomination Committee were most effectively and efficiently carried out by a committee comprised of two directors only. From 27 April 2022, the Board appointed a third member to its Remuneration & Nomination Committee to better align with Recommendation 2.1.

During the Reporting Period and as set out above, the Remuneration and Nomination Committee was chaired by:

- a) Dr James Ellingford, who was not an independent director and was the Chairman of the Board from 25 November 2021 to 17 November 2022.
- b) Mr Adam Blumenthal, who was not an independent director but was not the Chairman of the Board.

Following the resignations of Adam Blumenthal and James Ellingford, the Remuneration & Nomination Committee comprised only one member, being Boaz Wachtel, which prompted the review of the composition of this committee in early 2023. Subsequent to the Reporting Period on 17 January 2023, the Company appointed the following directors to its Remuneration & Nomination Committee:

- Peter Hatfull (Committee Chairman),
- Benjamin Quirin (Committee Member) and
- Bruce Linton (Committee Member).

A copy of the Nomination Committee Charter is set out in the Corporate Governance Plan which is available at the Company's website.

Details of the number of times the Committee met during the Reporting Period and the individual attendances of each of the members are set out in the Directors Report section of its 2022 Annual Report.

#### Recommendation 2.2

*A listed entity should have and disclose a board skill matrix setting out the mix of skills that the board currently has or is looking to achieve in its membership.*

The Company complied with Recommendation 2.2 in full for the whole of the Reporting Period.

The Board of the Company is comprised of directors with a broad range of technical, commercial, financial and other skills, experience and knowledge relevant to overseeing the business of the Company.

The Company has developed a skills matrix which is used as a tool to assess the appropriate and ideal balance of skills, experience, independence and diversity necessary for the Board to discharge its duties and responsibilities effectively.

A summary of the collective skills, experience, independence and diversity of the Board is set in Annexure B of the Company's Corporate Governance Plan which is available on the Company's website.

#### 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 Company complied with Recommendation 2.3 in full for the whole of the Reporting Period.

During the Reporting Period, and since, the following directors were considered to be independent:

- Mr Bruce Linton (Non-Executive Director), appointed on 17 January 2022;
- Mr Benjamin Quirin (Non-Executive Director), appointed on 10 October 2022; and
- Mr Peter Hatfull (Non-Executive Director), appointed on 30 November 2022.

The remaining were not considered to be independent directors for the reasons set out below:

- Mr William Lay (Managing Director and CEO), Mrs Micheline MacKay and Mrs Jodi Scott are not considered to be independent due to their respective executive roles with the Company.
- Mr Boaz Wachtel (Non-Executive Director) is not considered to be independent due to his former executive role with the Company which ceased on 15 August 2020.
- Former director, Dr James Ellingford (Non-Executive Director) was not considered to be independent during the Reporting Period due to his previous executive role with the Company;
- Former director, Mr Adam Blumenthal was not considered to be independent due to his relationship with Everblu Capital Pty Ltd, a material service provider and advisor to the Company.

The Board considered the independence of directors having regard to the guidance set out in Box 2.3 of the Recommendations and did not form an opinion contrary to those guidelines.

Directors who held office during and after the 2022 financial year have served continuously since their respective dates of appointment unless otherwise noted below:

- Boaz Wachtel: appointed 20 November 2015 to current;
- William Lay: appointed 17 January 2022 to current;
- Micheline MacKay: appointed 17 January 2022 to current;
- Bruce Linton: appointed 17 January 2022 to current;
- Jodi Scott: appointed 10 October 2022 to current;
- Benjamin Quirin: appointed 10 October 2022 to current;
- Peter Hatfull: appointed 30 November 2022 to current; and
- James Ellingford: appointed 20 November 2015 to 30 November 2022;
- Adam Blumenthal: appointed 20 November 2015 to 10 October 2022.

#### Recommendation 2.4

*A majority of the board of a listed entity should be independent directors.*

The Company did not comply with Recommendation 2.4 in full for the whole of the Reporting Period, as outlined in the Company's response to Recommendation 2.3.

The Board notes that its current structure, comprises of a majority of directors who currently hold, or have previously held senior executive roles, which is a practical structure and is not unusual for its current stage of development. However, as outlined in the response to Recommendation 2.3, the recent changes to the composition of the Board and management in 2022 shows the Company's commitment to increasing independence within its composition.

#### 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 Company did not comply with Recommendation 2.5 in full for the whole of the Reporting Period.

The Chair of the Board from 1 January 2022 to 17 November 2022 was Dr James Ellingford, who, whilst not the CEO, was not considered to be an independent Director at the time due to his former executive role with the Company.

From 17 November 2022 onwards, the Chair of the Board was Mr Boaz Wachtel, who is not considered independent and is not the CEO.

The Board has formed the view that, given the unique, specialised and technical nature of the business of the Company and the cannabis industry generally, both Dr Ellingford (former chairman) had, and Mr Wachtel (current chairman), who have both held executive roles with the Company and know the business well, have the appropriate industry-specific skills, qualifications and experience to perform the role as Chairman of the Company, notwithstanding that neither of them satisfy the independence definition as prescribed by the ASX Corporate Governance Council.

#### 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 a director effectively.*

The Company did not comply with Recommendation 2.6 in full for the whole of the Reporting Period.



The Company's program for the induction of new directors is tailored to each new Director depending on their personal requirements, background, skills, qualifications and experience and includes the provision of a formal letter of appointment and an induction pack containing sufficient information to allow the new Director to gain an understanding of the business of the Company and the roles, duties and responsibilities of Directors.

Whilst there is no formal program for the periodical review of the need for existing directors to undertake professional development, all Directors are encouraged to undergo continual professional development and, subject to prior approval by the Chairman, all Directors have access to numerous resources and professional development training to address any skills gaps.

### **Principle 3: Instil a culture of acting lawfully, ethically and responsibly**

#### Recommendation 3.1

*A listed entity should articulate and disclose its values.*

The Company complied with Recommendation 3.1 in full for the whole Reporting Period.

The Company's values are set out in its Corporate Code of Conduct that applies to its Directors, senior executives and employees.

The Company's Corporate Code of Conduct is set out in the Corporate Governance Plan which is available at the Company's website.

#### Recommendation 3.2

*A listed entity should:*

- (a) have 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.*

The Company complied with Recommendation 3.2 in full for the whole of the Reporting Period.

The Company has established a Code of Conduct (**Code**), which applies to all employees of the Company (which the Board interprets to extend to all Directors, senior executives, and employees), and addresses matters relevant to the Company's legal and ethical obligations to its stakeholders.

A copy of the Code is disclosed on the Company's website.

The Company is committed to promoting good corporate conduct grounded by strong ethics and responsibility. Any material breaches of the Code are reported to the Board, and employees are encouraged to raise any matters of concern in good faith with the head of their business unit or with the Company Secretary, without fear of retribution, to ensure such breaches are reported.

#### 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.*

The Company complied with Recommendation 3.3 in full for the whole of the Reporting Period.

The Company has, and has disclosed, its whistleblower policy which is set out on the Company's website.

The Company requires all Personnel to comply with its Whistleblower Policy and any applicable whistleblower laws and regulations, including encouraging reports of Reportable Matter to be made to the Whistleblower Protection Officer, or other recipients as set out in the Policy. Material incidents reported under this Whistleblower Policy will be reported to the Audit and Risk Committee or the Board of the Company.

### 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 complied with Recommendation 3.4 in full for the whole of the Reporting Period.

The Company's anti-bribery and corruption Policy ("ABC Policy"), which is set out in the Corporate Governance Plan, a copy of which is available on the Company's website.

The Company requires all Personnel to comply with its ABC Policy. Any Personnel or stakeholder who believes that a violation of this ABC Policy or any laws has been committed, is being committed, or is being planned, should report the matter immediately to the Company. Material breaches of this ABC Policy will be reported to the Board or the Audit & Risk Committee.

### **Principle 4: Safeguard the integrity in corporate reports**

#### Recommendation 4.1

The board of a listed entity should:

- (a) have an audit committee which:
  - (i) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and
  - (ii) is chaired by an independent director, who is not the chair of the board, and disclose:
    - (iii) the charter of the committee;
    - (iv) the relevant qualifications and experience of the members of the committee; and
    - (v) 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 financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

The Company did not comply with Recommendation 4.1 in full for the whole of the Reporting Period.

Throughout the Reporting Period, the Company's joint Audit & Risk Committee was comprised of the following members:

- from 1 January 2022 to 27 April 2022:
  - James Ellingford (Committee Chairman), and
  - Boaz Wachtel (Committee Member).
- from 27 April 2022 to 17 July 2022:
  - Adam Blumenthal (Committee Chairman),
  - James Ellingford (Committee Member), and
  - Boaz Wachtel (Committee Member).
- from 17 July 2022 to 30 November 2022:
  - James Ellingford (Committee Chairman), who resigned on 30 November 2022;
  - Adam Blumenthal (Committee Member), who resigned on 10 October 2022; and
  - Boaz Wachtel (Committee Member).

Given the size of the Board and the size and nature of the Company's operations, the Directors had previously determined that the roles and responsibilities of the Audit & Risk Committee were most effectively and efficiently carried out by a committee comprised of two directors only. From 27 April 2022, the Board appointed a third member to its Audit & Risk Committee to better align with Recommendation 4.1.

During the Reporting Period and as set out above, the Audit & Risk Committee was chaired by:

- a) Dr James Ellingford, who was not an independent director and was the Chairman of the Board from 25 November 2021 to 17 November 2022.
- b) Mr Adam Blumenthal, who was not an independent director but was not the Chairman of the Board.

Following the resignations of Adam Blumenthal and James Ellingford, the Audit & Risk Committee comprised only one member, being Boaz Wachtel, which prompted the review of the composition of this committee in early 2023.

Subsequent to the Reporting Period on 17 January 2023, the Company has appointed the following directors to its Audit & Risk Committee:

- Peter Hatfull (Committee Chairman),
- Benjamin Quirin (Committee Member) and
- Boaz Wachtel (Committee Member).

A copy of the Audit & Risk Committee Charter is set out in the Corporate Governance Plan which is available at the Company's website.

Details of the number of times the Committee met during the Reporting Period and the individual attendances of each of the members are set out in the Directors Report section of its 2022 Annual Report.

#### 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 declaration that 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.*

The Company complied with Recommendation 4.2 in full for the whole of the Reporting Period.

#### 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.*

The Company complied with Recommendation 4.3 in full for the whole of the Reporting Period.

The Company undertakes significant review of period corporate reports, whether audited or unaudited, and is diligent in verifying the integrity of those reports prior to its release to the market. This includes verification to source records and separate reviews, as relevant, by the Company's management, CFO, finance and accounting staff, and Company Secretary. The Company also engages with independent experts and its auditors on complex matters prior to the release of unaudited financial information.

### **Principle 5: Make timely and balanced disclosure**

#### Recommendation 5.1

*A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under Listing Rules 3.1.*

The Company complied with Recommendation 5.1 in full for the whole of the Reporting Period.

The Company is committed to:

- a) ensuring that shareholders and the market are provided with full and timely information about its activities;
- b) complying with the continuous disclosure obligations contained in the Listing Rules and applicable sections of the Corporations Act; and
- c) providing equal opportunity for all stakeholders to receive externally available information issued by the Company in a timely manner.

The Company has adopted a Continuous Disclosure Policy, which is disclosed on the Company's website. The Continuous Disclosure Policy sets out policies and procedures for the Company's compliance with its continuous disclosure obligations under the ASX Listing Rules. It forms part of the Company's corporate governance policies and procedures and is available to all staff.

#### Recommendation 5.2

*A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.*

The Company complied with Recommendation 5.2 in full for the whole of the Reporting Period.

The Board receives a copy of the final announcement immediately upon its release to the market.

If time permits, the Board of the Company also reviews, considers and approves all material announcements prior to their release to the market. Otherwise, the review and approval of material announcements is delegated to the Disclosure Committee which is comprised of William Lay and Jodi Scott.

#### 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.*

The Company complied with Recommendation 5.3 in full for the whole of the Reporting Period.

The Company's Continuous Disclosure Policy requires that materials of any new and substantive investor or analyst presentation are released on the ASX Market Announcements Platform ahead of the presentation, and the Company confirms that it complied with this policy during the Reporting Period.

### **Principle 6: Respect the rights of security holders**

#### Recommendation 6.1

*A listed entity should provide information about itself and its governance to investors via its website.*

The Company complied with Recommendation 6.1 in full for the whole of the Reporting Period.

Shareholders can access information about the Company, its operations and its governance (including adopted governance policies) from the Company's website at <https://www.cresopharma.com/>

#### Recommendation 6.2

*A listed entity should have an investor relations program that facilitates effective two-way communication with investors.*

The Company complied with Recommendation 6.2 in full for the whole of the Reporting Period.

The Company has adopted a Shareholder Communications Strategy which is available on the

Company's website. The Strategy outlines a range of ways in which information is communicated to shareholders, including via:

- a) ASX announcements;
- b) general meetings; and
- c) the Company website.

In addition to the above, Shareholders can email or call the Company, via the Company Secretary, Investor Relations Liaison or Share Registry, to seek further information to assist them in exercising their rights as Shareholders.

#### Recommendation 6.3

*A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.*

The Company complied with Recommendation 6.3 in full for the whole of the Reporting Period.

The Board encourages full participation of Shareholders at meetings to ensure a high level of accountability and identification with the Company's strategies and goals. Shareholders are encouraged to participate at all general meetings of the Company by written statement contained in every notice of meeting sent to shareholders prior to each meeting.

The Company also accommodates shareholders who are unable to attend general meetings in person by accepting votes by proxy, and in many cases during the Reporting Period, the Company made available online meeting and voting facilities to enhance the ability for shareholders to participate in shareholder meetings.

Further, any material presented to shareholders at a shareholders meeting is released to the ASX immediately prior to the commencement of the meeting, for the benefit of those shareholders who are unable to be present at the meeting. The Company also announces to the ASX the outcome of each meeting immediately following its conclusion.

At each general meeting, shareholders are given an opportunity to ask questions in relation to the resolutions put to shareholders at that meeting, and in respect of the Company's business and operations generally. At each annual general meeting, shareholders are also invited to ask questions of the Company's external auditor and the Board in relation to the annual financial report of the Company.

#### 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.*

The Company complied with Recommendation 6.4 in full for the whole of the Reporting Period.

All resolutions put forward at security holder meetings during the Reporting Period were decided by a poll, and the Company intends to adopt this process to all general meetings moving forward.

#### 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 complied with Recommendation 6.5 in full for the whole of the Reporting Period.

Shareholders are given the option to receive communications from, and send communication to, the Company and its share registry electronically.

To ensure that shareholders can obtain all relevant information to assist them in exercising their rights as shareholders, the Company has made available a telephone number and relevant contact details (via the Company's website and ASX platform) for shareholders to make their enquiries.

## **Principle 7: Recognise and manage risk**

### Recommendation 7.1

The board of a listed entity should:

- (a) have a committee or committees to oversee risk, each of which:
- (i) has at least three members, a majority of whom are independent directors; and
  - (ii) is chaired by an independent director, and disclose:
    - (iii) the charter of the committee;
    - (iv) the members of the committee; and
    - (v) 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 process it employs for overseeing the entity's risk management framework.

The Company did not comply with Recommendation 7.1 in full for the whole of the Reporting Period.

Given the size of the Board and the size and nature of the Company's operations, the Directors Throughout the Reporting Period, the Company's joint Audit & Risk Committee was comprised of the following members:

- from 1 January 2022 to 27 April 2022:
  - James Ellingford (Committee Chairman); and
  - Boaz Wachtel (Committee Member).
- from 27 April 2022 to 17 July 2022:
  - Adam Blumenthal (Committee Chairman);
  - James Ellingford (Committee Member); and
  - Boaz Wachtel (Committee Member).
- from 17 July 2022 to 30 November 2022:
  - James Ellingford (Committee Chairman), who resigned on 30 November 2022;
  - Adam Blumenthal (Committee Member), who resigned on 10 October 2022; and
  - Boaz Wachtel (Committee Member).

Given the size of the Board and the size and nature of the Company's operations, the Directors had previously determined that the roles and responsibilities of the Audit & Risk Committee were most effectively and efficiently carried out by a committee comprised of two directors only. From 27 April 2022, the Board appointed a third member to its Audit & Risk Committee to better align with Recommendation 7.1.

During the Reporting Period and as set out above, the Audit & Risk Committee was chaired by:

- c) Dr James Ellingford, who was not an independent director and was the Chairman of the Board from 25 November 2021 to 17 November 2022.
- d) Mr Adam Blumenthal, who was not an independent director but was not the Chairman of the Board.

Following the resignations of Adam Blumenthal and James Ellingford, the Audit & Risk Committee comprised only one member, being Boaz Wachtel, which prompted the review of the composition of this committee in early 2023. Subsequent to the Reporting Period on 17 January 2023, the Company appointed the following directors to its Audit & Risk Committee:

- Peter Hatfull (Committee Chairman),
- Benjamin Quirin (Committee Member) and

- Boaz Wachtel (Committee Member).

A copy of the Audit & Risk Committee Charter is set out in the Corporate Governance Plan which is available at the Company's website.

Details of the number of times the Committee met during the Reporting Period and the individual attendances of each of the members are set out in the Directors Report section of its 2022 Annual Report.

#### Recommendation 7.2

*The board or a committee of the board should:*

- 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*
- disclose in relation to each reporting period, whether such a review has taken place.*

The Company did not comply with Recommendation 7.2 in full for the whole of the Reporting Period.

The Company's process for risk management and internal compliance is set out in its Risk Management Policy and includes a requirement to identify and measure risk, monitor the environment for emerging factors and trends that affect these risks, formulate risk management strategies and monitor the performance of risk management systems. The Company's Audit and Risk Committee is responsible for the review of the Company's risk management procedures and internal compliance and controls on an annual basis.

The Reporting Period was a transformative time for the business, with the Company undertaking several material acquisitions, and capital raising transactions. These activities consumed much of management's time and as such, a formal risk review process was not undertaken during the Reporting Period.

#### Recommendation 7.3

*A listed entity should disclose:*

- if it has an internal audit function, how the function is structured and what role it performs; or*
- 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 complied with Recommendation 7.3 in full for the whole of the Reporting Period.

Due to the size and nature of the Company's operations, the Company does not consider it necessary to establish a formal internal audit committee at this stage. The Audit and Risk Committee is responsible for the role ordinarily carried out by an internal audit function.

The effectiveness of the Company's governance, risk management and internal control processes is subject to regular review by the Audit and Risk Committee.

#### Recommendation 7.4

*A listed entity should disclose whether, and if so how, it has regard to environmental or social sustainability risks and, if it does, how it manages or intends to manage those risks.*

The Company complied with Recommendation 7.4 in full for the whole of the Reporting Period.

The Company's Risk Management Policy details the Company's risk management system which assist in identifying and managing potential or apparent, environmental and social sustainability risks (where appropriate).

Should the Company discover any environmental or social sustainability risks that it deems material; this will be disclosed in accordance with its Continuous Disclosure Policy.

## **Principle 8: Remunerate fairly and responsibly**

### Recommendation 8.1

The board of a listed entity should:

- (a) have a remuneration committee which:
  - (i) has at least three members, a majority of whom are independent directors; and
  - (ii) is chaired by an independent director, and disclose:
    - (iii) the charter of the committee;
    - (iv) the members of the committee; and
    - (v) 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 Company did not comply with Recommendation 8.1 in full for the whole of the Reporting Period.

Throughout the Reporting Period, the Company's joint Remuneration and Nomination Committee was comprised of the following members:

- from 1 January 2022 to 27 April 2022:
  - James Ellingford (Committee Chairman), and
  - Adam Blumenthal (Committee Member).
- from 27 April 2022 to 17 July 2022:
  - Adam Blumenthal (Committee Chairman),
  - James Ellingford (Committee Member), and
  - Boaz Wachtel (Committee Member).
- from 17 July 2022 to 30 November 2022:
  - James Ellingford (Committee Chairman), who resigned on 30 November 2022;
  - Adam Blumenthal (Committee Member), who resigned on 10 October 2022; and
  - Boaz Wachtel (Committee Member).

Given the size of the Board and the size and nature of the Company's operations, the Directors had previously determined that the roles and responsibilities of the Remuneration & Nomination Committee were most effectively and efficiently carried out by a committee comprised of two directors only. From 27 April 2022, the Board appointed a third member to its Remuneration & Nomination Committee to better align with Recommendation 8.1.

During the Reporting Period and as set out above, the Remuneration and Nomination Committee was chaired by:

- c) Dr James Ellingford, who was not an independent director and was the Chairman of the Board from 25 November 2021 to 17 November 2022.
- d) Mr Adam Blumenthal, who was not an independent director but was not the Chairman of the Board.

Following the resignations of Adam Blumenthal and James Ellingford, the Remuneration & Nomination Committee comprised only one member, being Boaz Wachtel, which prompted the review of the composition of this committee in early 2023. Subsequent to the Reporting Period on 17 January 2023, the Company appointed the following directors to its Remuneration & Nomination Committee:



- Peter Hatfull (Committee Chairman),
- Benjamin Quirin (Committee Member) and
- Bruce Linton (Committee Member).

A copy of the Remuneration Committee Charter is set out in the Corporate Governance Plan which is available at the Company's website.

Details of the number of times the Committee met during the Reporting Period and the individual attendances of each of the members are set out in the Directors Report section of its 2022 Annual Report.

#### 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 complied with Recommendation 8.2 in full for the whole of the Reporting Period.

Disclosure of the Company's policies and practices regarding the remuneration of Non-executive Directors and the remuneration of Executive Directors and other senior employees are set out separately in the Remuneration Report section of the Company's 2022 Annual Report.

#### Recommendation 8.3

*A listed entity which has an equity-based remuneration scheme should:*

- 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*
- disclose that policy or a summary of it.*

The Company complied with Recommendation 8.3 in full for the whole of the Reporting Period.

The Company's joint Remuneration and Nomination Committee is responsible for the review and approval of any equity-based remuneration schemes offered to Directors and Employees of the Company. Further, in accordance with the Remuneration Committee Charter, the Remuneration and Nomination Committee is also responsible for granting permission, on a case by case basis, for scheme participants to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the Scheme.

The Company's Remuneration Committee Charter is set out in the Corporate Governance Plan which is available at the Company's website.

### **Principle 9: Additional Recommendations that apply only in certain cases**

#### Recommendation 9.1

*A listed entity with a director who does not speak the language in which the 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.*

Recommendation 9.1 does not apply to the Company, as all Directors are fluent English speakers.

#### Recommendation 9.2

*A listed entity established outside of Australia should ensure that meetings of security holders are held at a reasonable place and time.*

Recommendation 9.2 does not apply to the Company, as the Company was established within Australia. All meetings held during the Reporting Period were held virtually, and were mostly held at reasonable times, taking into account the time zones within which each of the Directors are

based. All directors are given advance notice of Board meetings and the Company always endeavours to accommodate the availability of each of its directors, wherever possible.

Recommendation 9.3

*A listed entity established outside of Australia, and an externally managed listed entity that has an AGM, should ensure that its external auditor attend its AGM and is available to answer questions from security holders relevant to the audit.*

Recommendation 9.3 does not apply to the Company, as the Company was established within Australia.