

## CORPORATE GOVERNANCE STATEMENT

The Board and management of Sienna Cancer Diagnostics Limited (Sienna or the Company) promote a robust culture of governance across all segments of the Company's business (including subsidiaries). Corporate governance is defined as '....the framework of rules, relationships, systems and processes within and by which authority is exercised and controlled within corporations. It encompasses the mechanism by which companies, and those in control, are held to account'<sup>1</sup>.

Sienna's policies and procedures are reviewed regularly to ensure they remain appropriate for the operations of the business. These reviews consider changes in the operations of the business such as number of employees, geographical operations, products under development etc.

As an Australian Security Exchange (ASX) listed entity, Sienna is required to provide details of its governance policies and practises with reference to the ASX's Corporate Governance Principles and Recommendations (CGPR), 3<sup>rd</sup> Edition. The CGPR is a list of eight Principles setting out the recommended corporate governance practises for ASX listed entities. Whilst the CGPR's are not mandatory, entities are required to provide an explanation if they have not implemented a recommendation. Each of the eight principles along with a description of the Company's practices are laid out below:

### **Principle 1 – Lay solid foundations for management and oversight.**

A listed entity should establish and disclose the respective roles and responsibilities of its board and management and how their performance is monitored and evaluated.

#### ***Board Charter***

Sienna's Board Charter sets the framework on which the Board operates. A copy of the Board Charter can be accessed at [www.siennadiagnostics.com.au/investors/governance](http://www.siennadiagnostics.com.au/investors/governance). The Board members are elected by, and accountable to, the Company's shareholders. The Board's primary objective is to increase shareholder value within an appropriate framework that protects the rights and interests of all shareholders, whilst ensuring the Company is properly managed. To facilitate this goal the Board must take overall responsibility for Sienna's corporate governance policies and procedures. The Board's responsibilities include, but are not limited to:

- Appointing a chair of the Board;
- Setting the Company's strategic direction and providing leadership;
- Monitoring the implementation of strategic plans and reviewing performance against stated objectives;
- Appointment/removal of the Company's Chief Executive Officer (CEO) and the review of performance at least annually;
- Review and approval of the Company's annual budget and monitoring actual results against budget;
- Identification of significant business risks and ensuring appropriate mechanisms are in place to manage those risks;
- Monitoring the Company's internal controls and risk management processes;
- Monitoring and approving certain disclosures to the ASX (in accordance with the Company's 'Continuous Disclosure Policy').

The Board has delegated the responsibility for the administration and operations of the Company to the CEO.

#### ***Appointment of Directors***

The tasks of director and executive succession planning and the identification of directors for appointment is carried out by the Board. The Board may engage an external consultant to help identify potential Board members and executives. The Board does not consider it necessary to establish a Nomination Committee, which is a recommendation of Principle 2 – Structure the Board to Add Value – due to the current size of the business. Only those directors with the relevant experience to fill the gaps of representation on the Board are considered for appointment to the Board. All existing directors interview potential Board members. Pre-appointment checks include a police record report and the requirement to complete and sign a questionnaire attesting to the candidate's character. A director's appointment and ongoing commitment to the Company is governed by a Letter of Appointment executed between the director and the Company. Shareholders are provided with all the relevant information, including biographical details, pertaining to the director/s put forward for election/re-election.

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<sup>1</sup> Corporate Governance Principles and Recommendations, 3<sup>rd</sup> Edition

### **Company Secretary**

The Company Secretary role involves, amongst other things: advising the Board on governance matters, organisation of Board/Committee papers and ensuring accurate Board meeting minutes are recorded. The biographical details of the Company Secretary can be found under the 'About Us' heading of the Company's website: [www.siennadiagnostics.com.au/senior-management-team](http://www.siennadiagnostics.com.au/senior-management-team). The duties of the Company Secretary are overseen by the Board, which approves the appointment/retenchment of the Company Secretary. Each director has access to the Company Secretary, and is encouraged to communicate directly with the Company Secretary when considered appropriate.

### **Performance Evaluation**

The Chief Executive Officer (CEO) is responsible for reviewing the performance of senior management at least annually.

At the date of publishing Sienna's corporate governance statement for the 2019 financial year, the Company had not implemented a formal process for periodically evaluating the performance of the Board, its committees and individual directors. The Board is of the view that the only means of providing a meaningful review would be to engage a third party to undertake such a review. Due to the size and limited resources of Sienna, the Board believes it is not best use of financial resources at this stage. This does not mean that the Company will not undertake such a review in future.

The performance of the CEO is monitored by the Board with the meetings of the Board providing an opportunity for directors to interrogate the CEO's performance. A formal review of the CEO's performance for the 2019 financial year was undertaken by the Remuneration Committee.

### **Diversity Policy**

Sienna has a Diversity Policy, a copy of which can be found at [www.siennadiagnostics.com.au/investors/governance](http://www.siennadiagnostics.com.au/investors/governance). Due to the small number of employees, the Board has not set any objectives for gender diversity. When a position becomes available, the Company seeks to employ the best candidate available and does not discriminate on the basis of age, gender, ethnicity, sexual orientation, religion, or on any other grounds. Sienna currently employs 14 people, six of whom are female. The Board is made up of one female and three male Non-executive Directors.

### **Principle 2 – Structure the Board to add value.**

A listed entity should have a board of appropriate size, composition, skills and commitment to enable it to discharge its duties effectively.

Sienna's Board currently consists of the following 4 members, all of whom are considered independent directors:

Name	Appointment	Role	Independent	Committees	Experience
Dr Geoff Cumming	27/01/2006	Non-executive Chairman	Yes	Audit & Risk and Remuneration Committee Member	Industry, ASX, Business Development, Business Strategy.
Mr Carl Stubbings	31/12/2011	Non-executive Director	Yes	Remuneration Committee Chair	Industry, ASX, Business Development, Business Strategy, Regulatory.
Dr David J. Earp	1/12/2012	Non-executive Director	Yes	Audit & Risk and Remuneration Committee Member	Industry, ASX, Business Strategy, Legal, Intellectual Property, Nasdaq.
Ms Helen Fisher	28/03/2018	Non-executive Director	Yes	Audit & Risk Committee Chair	Industry, ASX, Business Strategy, Capital Markets, Financial Management.

The biographical details of Board members are provided under the 'About Us' heading of the Company's website: [www.siennadiagnostics.com.au/board](http://www.siennadiagnostics.com.au/board).

The goal of the Board is to ensure the following mix of experience/knowledge is represented on the Board:

- Biotechnology/Diagnostics industry knowledge (including regulatory knowledge)
- Capital markets
- Business development
- Financial management, accounting and audit
- Legal
- ASX listed company environment

Sienna does not have a formal induction process or program of professional development for its directors. During the interview process for a position on Sienna's Board, existing Board members impart their knowledge of the business. Directors may seek the approval of the Chairman to undertake specific professional development. The Chairman will assess, amongst other criteria, the Company's financial position when making a decision on whether to grant permission. The directors have the right to seek professional, including independent legal, advice in regards to the Company's operations in order to fulfil their duties as directors, with the permission of the Chairman.

### **Principle 3: Act ethically and responsibly**

The Board has established a Code of Ethics and Conduct. The code can be viewed at the Company's website at: [www.siennadiagnostics.com.au/investors/governance](http://www.siennadiagnostics.com.au/investors/governance). The Board are cognisant of their fiduciary and legal responsibilities and for ensuring that Sienna business is conducted ethically, and with integrity.

Sienna takes the Company's Code of Conduct seriously and the Company's Whistle-Blower policy encourages directors/employees to report breaches of the code (and other actions that might jeopardise the reputation or viability of Sienna's business). The provisions of the whistle-blower policy protect the reporter of an action that breaches the Company's Code of Conduct, or that is detrimental to Sienna's business. A copy of the Whistle-Blower policy can also be found on the Company's website at: [www.siennadiagnostics.com.au/investors/governance](http://www.siennadiagnostics.com.au/investors/governance).

As a sign of the Company's commitment to these policies, each Director, SMT member and employee is required to confirm that they have read Sienna's Code of Conduct and Whistle-Blower policy and understood their contents.

### **Principle 4: Safeguard integrity in corporate reporting**

A listed entity should have formal and rigorous processes that independently verify and safeguard the integrity of its corporate reporting.

The Board's Audit & Risk Committee has primary responsibility for this task and is governed by the committee's charter, which has the approval of the Board. A copy of the charter can be found on the Company's website at: [www.siennadiagnostics.com.au/investors/governance](http://www.siennadiagnostics.com.au/investors/governance).

The Audit & Risk Committee is made up of three independent Non-executive Directors: Ms Helen Fisher, Dr Geoff Cumming and Dr David Earp. All three have extensive industry knowledge. The committee Chair, Ms Helen Fisher, has extensive corporate accounting and taxation experience gained as a partner for Deloitte. Dr Earp brings legal and biotechnology industry experience to the committee, and Dr Cumming applies his ASX listed company experience.

One of the primary roles of the Audit & Risk Committee, if satisfied with the audit report, is to recommend to the Board the approval of the annual statutory financial accounts (accounts). As part of their review the committee are required to receive a signed declaration from the CEO and CFO that the Company's financial records have been properly maintained in accordance with the Corporations Act, and that the financial reports comply with the accounting standards and provide a true and fair view of the performance and financial position of Sienna. This is a legislated requirement of the Corporations Act, under section 295A, for listed entities. These declarations were received for the 2019 accounts.

The accounts form part of the annual report which is tabled at each Annual General Meeting (AGM). The statutory financial accounts are lodged with ASIC at least 28 days before the AGM, allowing shareholders sufficient time to review the statutory financial accounts prior to the AGM. Sienna always ensures that a representative of the Company's auditors is present to answer any questions shareholders may have in regard to the statutory financial accounts.

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

A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities. Sienna has formulated a Continuous Disclosure Policy which addresses the continuous disclosure requirements of the ASX. The policy nominates

Company representatives to whom all media requests should be directed and lists the Company Secretary as the primary contact for all communications with the ASX.

A copy of the Continuous Disclosure Policy can be found at the Company's website at

[www.siennadiagnostics.com.au/investors/governance](http://www.siennadiagnostics.com.au/investors/governance).

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

A listed entity should respect the rights of its security holders by providing them with appropriate information and facilities to allow them to exercise those rights effectively.

The Board is committed to keeping shareholders informed of Sienna's progress. The primary tools used for communicating with shareholders are the ASX announcement platform, the Company's website [www.siennadiagnostics.com.au](http://www.siennadiagnostics.com.au), and direct communication with shareholders via their elected contact method. Updates and other communication notices are posted under the 'News' tab of the website and can take the form of individual newsworthy items, shareholder newsletters, AGM notices, statutory reporting and investor presentations.

A series of Sienna's Annual Reports are accessible under the 'Investors' tab of the Company's website. Sienna's Corporate Governance Statement and policies are also located here.

Through the Company's share registrar, Link Market Services, shareholders are encouraged to receive Sienna correspondence electronically. This method of communication is not only environmentally friendly, it is also efficient and cost effective. Sienna has also implemented an option of electronic AGM proxy voting through Link for the convenience of shareholders.

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

A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.

The Audit & Risk Committee's charter specifies the following risk management responsibilities:

- Monitor significant risks to the organisation and recommend strategies to the Board to manage and mitigate identified risks;
- Monitor compliance with applicable laws, regulations, standards, contracts, and best practice guidelines;
- Review the level and type of insurance coverage for the organisation and make recommendations to the Board as required.

At the date of publication of the Governance Statement for the 2019 financial year a formal risk management framework has not been adopted, however risk management strategies are frequently discussed at length at board level. As Sienna matures and evolves a more formal risk management framework may be implemented if considered appropriate.

Due to the relatively small size of the Company's operations and financial resources, Sienna does not have an internal audit function. Walker Wayland NSW Chartered Accountants conducts the Company's annual external audit at the end of each financial year. At the date of publication of Sienna's Corporate Governance statement for the 2019 financial year the Board do not believe the Company is exposed to any specific material economic, environmental or social sustainability risks.

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

A listed entity should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders.

The Board acknowledges that motivated, highly skilled directors and employees are essential for the Company to execute its stated strategic goals. Therefore, remuneration policies that attract and retain these individuals are vital. The Remuneration Committee is responsible for setting remuneration policies, including short and long term incentive plans. The Remuneration Committee is governed by its charter, a copy of which can be found at: [www.siennadiagnostics.com.au/investors/governance](http://www.siennadiagnostics.com.au/investors/governance). The form of the long-term incentive scheme is currently an employee share option plan (ESOP). The Committee is responsible for recommending to the Board remuneration packages for the CEO and Non-executive Directors. The Committee is also responsible for reviewing recommendations from the CEO for employee remuneration packages.

Specific details of the remuneration of the CEO and Non-executive Directors are provided within the Directors' Report of the Sienna annual statutory accounts.

The Remuneration Committee is made up of three independent Non-executive Directors: Mr Carl Stubbings, Dr David J. Earp and Dr Geoff Cumming, with Mr Carl Stubbings as the Chair.