

SIMAVITA LIMITED

CORPORATE GOVERNANCE STATEMENT

INTRODUCTION

Simavita Limited (“Simavita” and the “Company”) and its Board are responsible for the overall corporate governance including adopting appropriate policies and procedures. The Board continues to review and improve its corporate governance framework and practices to ensure they meet the interests of shareholders. In this statement, the Company and its controlled entities together are referred to as the “Group”.

This Corporate Governance Statement reports against the 3rd edition of the ASX Corporate Governance Council’s Principles and Recommendations (**ASX Principles**) and the practices detailed in this Corporate Governance Statement are current as at 30 June 2017.

ASX PRINCIPLES

Principle 1: Lay solid foundations for management and oversight

The Board has responsibility for providing overall strategic guidance for Simavita and effective oversight of management. The Board monitors Simavita’s compliance with its Articles, from which the Board derives its authority to act, and with the relevant legal and regulatory requirements.

The Board has delegated day-to-day management of the business and affairs of Simavita to executive management and have set the levels of authority for the Chief Commercial Officer and other members of executive management. These levels are periodically reviewed by the Board and documented.

Roles and responsibilities of the Board and Management

The responsibilities of the Board include:

- providing strategic guidance to the Simavita Group (“Group”), including contributing to the development of and approving the Group’s corporate strategy;
- reviewing and approving business plans, the Group’s annual budget and other financial plans, including available resources and major capital expenditure initiatives;
- overseeing and monitoring:
 - organisational performance and the achievement of the Group’s strategic goals and objectives;
 - compliance with the Company’s Code of Conduct; and
 - progress of major capital expenditures and other significant projects, including any acquisitions or divestments;
- monitoring the Group’s financial performance, including approval of the annual and half-year financial reports and regular liaison with the Company’s external auditors;
- appointing, performance assessing and, if necessary, removing the Chief Executive Officer (or equivalent);
- ratifying the appointment and/or removal and contributing to the performance assessment for key members of the Executive Team;
- ensuring there are effective management processes in place for approving major corporate initiatives;
- overseeing the operation of the Group’s system for compliance and risk management; and
- ensuring appropriate resources are available to senior Management to enable them to implement the strategies approved by the Board.

Upon joining the Company, all members of the executive team are provided with letters of appointment outlining the terms of their appointment. In accordance with Company policy, performance appraisals for all members of the executive team occur annually. The performance appraisals have consisted of KPIs and financial targets set at the beginning of the year and are reviewed after the half year and full year results.

Performance assessment

The Board undertakes an ongoing self-assessment of its collective performance, the performance of the Chairman and of its Sub-Committees, in addition to a formal assessment process that is undertaken annually. The assessments also consider the adequacy of the Company’s induction and continuing education processes, access to information and the support provided by the Secretaries.

Members of the Executive Team are invited to contribute to the above appraisal process. The results and any action plans are documented together with specific performance goals which are agreed for the coming year. The Chairman undertakes an assessment of the performance of each Director and meets with him or her to discuss the results of the assessment.

The current Board (Mr Spooner, Dr Pace and Mr Bingham) has been in place since 26 April 2016. Whilst no formal review was conducted during the past year informal ongoing reviews are undertaken. The Board will conduct a performance review during the reporting period ended 20 June 2018.

As Simavita was, until 3 August 2016, listed on the TSX Venture Exchange in Canada, prior to their appointment to the Board, all new Directors were required to complete a detailed personal information form and undergo a formal police check, both of which were then released publicly via the SEDAR website in Canada. As part of their appointment, new Directors are provided with an induction pack that contains a letter of appointment setting out the key terms of appointment and copies of all material governance and related documents.

The Company Secretaries of the Company are directly accountable to the Board and work closely with the Chairman to ensure the efficient functioning of the Board.

Included in the documents that are provided to all shareholders ahead of shareholder meetings is detailed information regarding each of the Directors who are to be put before the shareholders for re-election at the meeting.

Diversity policy

The Board currently has a diversity charter which requires the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the Company’s progress in achieving them.

The Company values diversity and recognises the benefits it can bring to the organisation’s ability to achieve its goals. The Company has made a copy of its Diversity Charter available on its website which outlines the principles underpinning the Company's approach to diversity including its focus in relation to gender, age, cultural background, ethnicity and other factors.

For FY2017, no measurable objectives were established as the Company has been restructuring and has not been in a position to increase staff numbers.

Female employees as a percentage of workforce participation as at 30 June 2017

Group	Females Percentage at 30 June 2017	Males Percentage at 30 June 2017
Board	0%	100%
Non-executive Board Directors	0%	100%
Senior Leadership Team*	33%	66%

Group	Females Percentage at 30 June 2017	Males Percentage at 30 June 2017
Overall for Simavita (excluding Board)	55%	45%

*Senior executives is the level reporting to the Board.

Principle 2: Structure the Board to add value

During the reporting period, the Company did not have, a Nomination and Remuneration Sub-Committee. The Board subsumed the responsibilities that were previously delegated to the Nomination and Remuneration Sub-Committee (ceased 29 February 2016). The Board considers that this is the appropriate approach considering the Company's current Board structure.

The nomination and remuneration functions undertaken by Board as a whole include:

- conduct an annual review of the membership of the Board, having regard to present and future needs of the Company and to make recommendations on Board composition and appointments;
- conduct an annual review of, and conclude on the independence of, each Director;
- propose candidates for Board vacancies;
- oversee the annual performance assessment program;
- oversee Board succession, including the succession of the Chairman, and review whether succession plans are in place to maintain an appropriately balanced mix of skills, experience and diversity on the Board;
- ensure that appropriate processes are in place and that appropriate independent advice is sought to support the Board in assessing the performance, and reviewing the remuneration of, the Chief Executive Officer;
- ensure that appropriate processes are in place and that appropriate independent advice is sought to support the Board in ratifying the appointment and/or removal of and contributing to the performance assessment for key members of the Executive Team; and
- assess the effectiveness of the induction process.

The Board is satisfied that at this stage of the Company's development, it has the appropriate mix of skills, knowledge and experience and will, at an appropriate stage of the Company's development, consider the appointment of additional directors.

Notices of meetings for the election of Directors comply with the ASX Corporate Governance Council's best practice recommendations.

New Directors are advised of the Company's expectations, their responsibilities, rights and the terms and conditions of their appointment. All new Directors participate in a formal induction program which covers the operation of the Board and its Sub-Committees and financial, strategic, operations and risk management issues.

The Board operates in accordance with the Board Charter that has been uploaded to the corporate governance section of the Company's website (www.simavita.com). The Charter documents details of the Board's composition and responsibilities.

Board composition

The principles which are documented in the Charter state that:

- the Board is to be comprised of both executive and non-executive Directors with at least two of the Directors being non-executive. Non-executive Directors bring with them a fresh perspective to the Board's consideration of strategic, risk and performance matters. As the CEO position is currently vacant all Directors are currently Non-Executive;
- in recognition of the importance of independent views and the Board's role in supervising the activities of

Management, the majority of the Board should ideally be independent of Management and all Directors are required to exercise independent judgement and review and constructively challenge the performance of the Executive Team;

- the non-executive Directors should meet periodically in the absence of Management;
- the Chairman is elected by the full Board and is encouraged to meet regularly with the Chief Executive Officer (or equivalent, currently the Chief Commercial Officer);
- the Board should meet at least eight times a year; and
- the Board should undertake an annual Board performance review and consider the appropriate mix of skills required by the Board to maximise its effectiveness and its contribution to the Group.

The Board seeks to ensure that:

- at any point in time, its membership represents an appropriate balance between directors with experience and knowledge of the Group and its activities and directors with an external or fresh perspective; and
- the size of the Board is conducive to effective discussion and efficient decision-making.

Directors' independence

As outlined below, the Board has adopted principles in relation to the independence of its Directors. These principles state that, when determining independence, a Director must be a non-executive and the Board should consider whether the Director:

- is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- is, or has been, employed in an executive capacity by the Company or any other Group member within three years before commencing his or her service on the Board;
- within the last three years has been a principal of a material professional adviser or a material consultant to the Company or any other Group member, or an employee materially associated with the service provided;
- is a material supplier or customer of the Company or any other Group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- has a material contractual relationship with the Company or a controlled entity other than as a Director of the Group; and
- is free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's independent exercise of his or her judgement.

Materiality for these purposes is determined on both quantitative and qualitative bases. An amount of over five percent of annual turnover of the Group or five percent of the individual Directors' net worth is considered material for these purposes. In addition, a transaction of any amount or a relationship is deemed material if knowledge of it may impact the shareholders' understanding of the Director's performance.

The Board assesses Director independence each year. To enable this process to occur efficiently, the Directors must provide all information that may be relevant to the assessment.

Board members

The Board as at the date of this report is comprised of:

Name of Director	Appointment Date	Non-Executive Status	Independence Status
Michael Spooner	April 27, 2016	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Gary W. Pace	April 27, 2016	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Warren R. Bingham	May 21, 2015	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

As at the date of this report, all of the directors of the Company are independent and the Chairman of the Board,

Michael Spooner is independent and is not the Chief Executive Officer of the Company.

The Company has not yet adopted a Board skills matrix that summarises the skills, diversity and experience of each Director and identified any areas where additional skills may be required. At this stage of development, it is not considered necessary and once the Company is at a more advanced stage of development, it will consider the adoption of a board skills matrix.

Commitment

The Board held 11 meetings during the year ended June 30, 2017. Non-executive Directors are expected to spend adequate time preparing for and attending Board and Sub-Committee meetings and associated activities.

The number of meetings of the Company’s Board of Directors and of the Audit and Risk Sub-Committee held during the year ended June 30, 2017, and the number of such meetings attended by each Director, are disclosed in the table below.

Name of Director	Directors’ meetings		Audit and Risk Sub-Committee	
	Eligible	Attended	Eligible	Attended
Warren R. Bingham	11	11	2	2
Michael Spooner	11	11	2	2
Gary W. Pace	11	9	2	1

Notes:

The individuals who served as members of the Audit and Risk Committee during the year ended June 30, 2017 were:

Name of Member	Audit and Risk Period served
Warren R. Bingham	July 1, 2016 to 30 June 2017
Michael Spooner	July 1, 2016 to 30 June 2017
Gary W. Pace	July 1, 2016 to 30 June 2017

Prior to appointment or being submitted for re-election, each non-executive Director is required to acknowledge that he or she has, and will continue to have, the time available to discharge his or her responsibilities to the Company. Where eligible, a Director may stand for re-election.

Term of office

The Company’s Articles specifies that all Directors must retire from office each year.

Induction

The induction provided to new Directors enables them to actively participate in Board decision-making as soon as possible. It ensures that they have a full understanding of the Company’s financial position, strategies, operations, culture, values and risk management policies. It also explains the respective rights, duties, responsibilities, interaction and roles of the Board and the Executive Team and the Company’s meeting arrangements. To achieve continuing improvement in Board performance, all Directors are encouraged to undergo regular professional development.

Conflict of interests

In accordance with the principles laid out in the Company’s Board Charter, all Directors are required to declare all interests in dealings with the Company and are required to take no part in decisions relating to them. In addition, those Directors are not entitled to receive any papers from the Group pertaining to those dealings.

Independent professional advice

All Directors and members of the Board's Sub-Committees have the right, in connection with their duties and responsibilities, to seek independent professional advice at the Company's expense. In such cases, the prior written approval of the Chairman is required, but such approval is not to be unreasonably withheld.

Board Sub-Committees

The Board during the year had one Sub-Committee to assist in the execution of its duties and to allow detailed consideration of complex issues.

The Board's Sub-Committee has its own approved written Charter setting out its role and responsibilities and that of its members, its composition, structure, membership requirements and the manner in which the Sub-Committee is to operate. The Charter is reviewed on an annual basis and is available on the Company's website. All matters determined by the Sub-Committee are submitted to the full Board as recommendations for Board decisions.

Minutes of Sub-Committee meetings are tabled for review at the subsequent Board meeting. Additional requirements for reporting by the Sub-Committee to the Board is addressed in the Charter of the Sub-Committee.

Principle 3: Promote ethical and responsible decision making

Code of conduct

The Company has developed a Code of Conduct (the "Code") which has been endorsed by the Board and which applies to all Directors. The Code is regularly reviewed and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the Group's integrity and to take into account the legal obligations and reasonable expectations of the Company's stakeholders.

In summary, the Code requires that at all times Directors and employees act with the utmost integrity, objectivity and in compliance with the letter and the spirit of the law and the Company's policies.

The purchase and sale of Company securities by Directors and employees is governed by the Securities Trading Policy. The Trading Policy prohibits Personnel from dealing in the Company's securities while in possession of inside information as defined under section 1043A of the Corporations Act 2001.

Directors and Senior Executives (being key management personnel) are not permitted to trade in the two week period leading up to the publication of quarterly, half-year and full-year results, until the start of the second trading day following release. The Company may also determine that certain additional periods are Black Out Periods for the purposes of this Policy, including when the Company is considering matters subject to ASX Listing Rule 3.1A.

The Code requires employees who are aware of unethical practices within the Group or breaches of the Company's Securities Trading Policy to report such breaches in compliance with the principles to be documented in the Company's whistleblower program which can be done anonymously.

The Directors are satisfied that the Group has complied with its policies on ethical standards.

Principle 4: Safeguard integrity in corporate reporting

Audit and Risk Sub-Committee

During the financial year, the members of the Audit and Risk committee were:

Director	Role	Non-Executive	Independent
Michael Spooner	Chairman	✓	✓
Gary Pace	Member	✓	✓
Warren Bingham	Member	✓	✓

The composition of the Committee partly complied with Principle 4.1 in that it comprised 3 directors, all of whom are non-executive directors. The Chairman of the Audit and Risk Committee during the financial year was Mr Michael Spooner who is also Chairman of the Board. This is due to the fact that because of the small number of Directors the function of the Audit and Risk Committee is being conducted by the full Board. The relevant qualifications and experience of the members of the Committee are set out in the Directors' Report, included in the Annual Report.

The Sub-Committee operated during the year in accordance with principles which are documented in a formal Charter which is available on the Company's website. The relevant qualifications and experience of the members of the Sub-Committee during the year are set out in the 2017 Annual Report.

The main responsibilities of the members of the Sub-Committee are to:

- review, assess and approve the annual and half-year financial reports and all other financial information published by the Company or released to the Market;
- assist the Board in reviewing the effectiveness of the organisation's internal control environment covering:
 - effectiveness and efficiency of operations;
 - reliability of financial reporting; and
 - compliance with applicable laws and regulations;
- oversee the effective operation of the Company's risk management framework;
- recommend to the Board the appointment, removal and remuneration of the external auditors, and review the terms of their engagement, the scope and quality of the audit and assess their performance;
- consider the independence and competence of the external auditor on an ongoing basis;
- review and approve the level of non-audit services provided by the Group's external auditors and ensure that it does not adversely impact the auditors' independence;
- review and monitor all related party transactions and assess their propriety; and
- report to the Board on matters relevant to the Sub-Committee's role and responsibilities.

In fulfilling its responsibilities, the Audit and Risk Sub-Committee:

- receives regular reports from both Management and the Company's external auditors and meets with the external auditors at least twice a year, or more frequently, if necessary;
- reviews the processes the CEO and CFO have in place to support the annual certifications that they each provide to the Board and the certifications themselves;
- reviews any significant disagreements between the auditors and Management, irrespective of whether they have been resolved; and
- provides the external auditors with a clear line of direct communication at any time to either the Chairman of the Audit and Risk Sub-Committee or, if necessary, the Chairman of the Board.

The Audit and Risk Sub-Committee has authority, within the scope of its responsibilities, to seek any information it requires from any employee or external party.

Prior to Board approval of the Company's quarterly, half year and annual financial reports, the CEO (or equivalent, such as the Chief Commercial Officer) and Chief Financial Officer (or equivalent, such as the Financial Controller) provide the Board with declarations equivalent with (as the case may be) section 295A of the Corporations Act 2001 (Cth) and Recommendation 4.2 of the ASX Principles. For the financial year ended 30 June 2017, the Chief Commercial Officer and the Financial Controller made a declaration to the Board equivalent to section 295A of the Act. The declaration was formed on the basis of a sound system of risk management and internal control which is operating effectively.

External auditors

The Company and Audit and Risk Sub-Committee policy is to appoint external auditors who clearly demonstrate both

quality of service and independence. The performance of the external auditor is reviewed annually and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs. PricewaterhouseCoopers (“PwC”) was appointed as the Company’s external auditor during the year ended June 30, 2014. It is PwC’s policy to rotate audit lead engagement partners on listed companies at least every five years.

An analysis of the fees paid to the external auditors, including a break-down of fees for non-audit services, is provided in Note 23 to the financial statements. It is the policy of the external auditors to provide an annual declaration of their independence to the Audit and Risk Sub-Committee which is reproduced in the Company’s Annual Report.

The external auditor attends the Company’s Annual General Meeting and is available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit opinion.

The number of meetings held and attendance is disclosed above.

Principle 5: Make timely and balanced disclosure

Continuous disclosure and shareholder communication

The Company has a Continuous Disclosure Policy that documents its principles, policies and procedures regarding the disclosure of any information concerning the Group that a reasonable person would expect to have a material effect on the price of the Company’s securities. Once complete, this policy will include the arrangements the Company has in place to promote communication with shareholders and encourage effective participation at general meetings. This policy forms part of the Supplementary Policies available on the Company’s website under Corporate Governance.

The Secretaries have been nominated as the persons responsible for communications with Australian Securities Exchange (“ASX”). This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing and co-ordinating information disclosure to ASX, analysts, brokers, shareholders, the media and the public.

All information disclosed to the ASX is uploaded to the Company’s website. When analysts are briefed on aspects of the Group’s operations, the materials used in the presentation is released to the ASX and uploaded to the Company’s website. Procedures have also been established for reviewing whether any price sensitive information may have been inadvertently disclosed and, if so, this information is also immediately released to the Markets.

Principle 6: Respect the rights of security holders

The Company maintains a comprehensive website at www.simavita.com. The website also enables security holders and other users to provide feedback to the Company and has an option for shareholders to register their email address so that they can receive direct email updates on Company matters.

The Company actively encourages the attendance and participation of its security holders at all general meetings. This policy forms part of the Supplementary Policies available on the Company’s website under Corporate Governance.

The Company maintains an active investor relations program in both Australia and overseas and all shareholders are entitled to receive a hard copy of the Company’s Annual Report which are also available for download on its website at no charge. Security holders can send and receive communications from the Company and its share registry electronically.

Principle 7: Recognise and manage risk

The Board is responsible for satisfying itself annually, or more frequently as required, that Management has developed and implemented a sound system of risk management and internal control. Detailed work on this task is delegated to the Audit and Risk Sub-Committee and reviewed by the full Board.

The Audit and Risk Sub-Committee is responsible for ensuring that there are adequate policies in relation to risk management, compliance and internal control systems. During the year ended June 30, 2016, the Company created a comprehensive Enterprise Risk Plan (the “Plan”) which is reviewed and updated by Management on a regular basis.

The Sub-Committee reviews the Plan on a regular basis and monitors the Company's risk management by overseeing Management's actions in the evaluation, management, monitoring and reporting of material operational, financial, compliance and strategic risks. In providing this oversight, the Audit and Risk Sub-Committee:

- reviews the framework and methodology for risk identification, the degree of risk the Company is willing to accept, the management of risk and the processes for auditing and evaluating the Company's risk management system;
- reviews Group-wide objectives in the context of the abovementioned categories of corporate risk;
- reviews and, where necessary, approves guidelines and policies governing the identification, assessment and management of the Company's exposure to risk;
- reviews and approves the delegations of financial authorities and addresses any need to update these authorities on an annual basis; and
- reviews compliance with agreed policies.

The Sub-Committee recommends any actions it deems appropriate to the Board for its consideration.

The design, implementation and reporting on the adequacy of the Company's risk management and internal control systems is the responsibility of Management who reports to the Sub-Committee on the effectiveness of:

- the risk management and internal control system which operated during the year; and
- the Company's management of its material business risks, as documented in the Plan.

During the year the Board undertook a review the risk management framework.

Risk management group

The Company's risk management policies and the operation of the risk management and compliance system are managed by the Company's risk management group which consists of selected senior executives and is chaired by the Chairman of the Audit and Risk Sub-Committee. The Board receives reports from this group as to the effectiveness of the Company's management of material risks that may impede or impact on the Company's ability to meet its business objectives. To assist in this regard, as stated above, a comprehensive Enterprise Risk Plan is currently in place and has been adopted by the Board.

Each of the Company's business units report to the risk management group on the key business risks applicable to their respective areas. The review is undertaken by business unit management. The risk management group then consolidates the business unit reports and recommends any actions to the Board for its consideration.

The Group does not have an internal audit function as the Board does not believe that the Company's current level of operations warrants an internal audit function. As the Company grows and expands, this situation will be reviewed. In the meantime, the Chair of the Audit and Risk Sub-Committee works closely with the Company's Financial Controller and the external auditor to safeguard the integrity in the financial reporting.

Exposure to other risks

As at the date of this Financial Report, the Board does not believe that the Company has a material exposure to any economic, environmental or social sustainability risks.

Principle 8: Remunerate fairly and responsibly

The nomination and remuneration functions are the responsibility of the Board as a whole

Each member of the Executive Team signs a formal employment contract at the time of his or her appointment covering a range of matters including their duties, rights, responsibilities and any entitlements on termination. The standard contract refers to a specific formal job description. This job description is reviewed by the Board on a regular basis and, where necessary, is revised in consultation with the relevant employee. The Board also reviews independent benchmarking surveys to assess the prevailing market rates when providing the Board with the necessary background information for setting the Chief Commercial Officer and key Executive salaries for the coming financial year.

Further information on Directors' and Executives' remuneration for the year ended June 30, 2017 is set out in Note 20 to the financial statements, Related Parties Transactions. The framework for non-executive directors and executives is different.

Non-executive directors are paid their fees out of the maximum aggregate amount approved by security holders for the remuneration of non-executive directors. Non-executive directors do not receive performance based bonuses, however have been granted options as a recognition of their contribution to the Company. Non-executive directors are entitled to statutory superannuation.

The Board also monitors and oversees that appropriate processes are in place for management succession planning, including the implementation of appropriate executive development programs and ensuring adequate arrangements are in place, so that appropriate candidates are recruited for subsequent promotion to senior positions.

In accordance with Group policy, participants in equity-based remuneration plans are not permitted to enter into any transactions that would limit the economic risk of options or other unvested entitlements.