

# Corporate Governance Statement

Starpharma Holdings Limited (“the company”) and the Board are committed to achieving and demonstrating the highest standards of corporate governance. The Board guides and monitors the company’s activities on behalf of the shareholders. In developing policies and setting standards, the Board considers the Australian Securities Exchange (“ASX”) Corporate Governance Principles and Recommendations (4<sup>th</sup> Edition) (“the 4<sup>th</sup> Edition CGC Recommendations”).

This Corporate Governance Statement sets out and describes the company’s current corporate governance principles and practices which the Board considers to comply with the 4<sup>th</sup> Edition CGC Recommendations. This Corporate Governance Statement is available on the company’s website. The company and its controlled entity together are referred to as “the group” in this statement. This report is current as at 26 August 2021 and was approved by the Board on that date.

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

### Relationship between the Board and management

The relationship between the Board and senior management is critical to the group’s long-term success. The directors are responsible to the shareholders for the performance of the group in both the short and long term, and they seek to balance sometimes competing objectives in the best interests of the group. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the group is properly managed.

#### 1.1 Responsibilities of the Board

The responsibilities of the Board include oversight, accountability and approval in relation to certain:

- Strategic issues;
- Shareholding items;
- Financial items;
- Expenditure items;
- Audit related items; and
- Board and senior management, delegation and succession.

Other Board responsibilities include:

- Enhancing and protecting the reputation and culture of the group;
- Overseeing the operation of the group, including its systems for control, accountability, and risk management;
- Monitoring financial performance;
- Liaising with the company’s auditors;
- Ensuring there are effective management processes in place and approving major corporate initiatives;
- Setting company values and code of conduct;
- Satisfying itself regarding the risk management framework and setting risk appetite;
- Overseeing the process for timely and balanced disclosure of material information; and
- Reporting to shareholders.

Further details regarding the responsibilities of the Board are detailed in the Board charter. The Board’s conduct is governed by the company’s constitution. Both documents are available at [www.starpharma.com/corporate\\_governance](http://www.starpharma.com/corporate_governance)

#### 1.2 Director/senior management appointment and director election

Before appointing a director or senior management, and before putting forward a director candidate to shareholders for election, the Remuneration and Nomination Committee will undertake appropriate background checks. The Remuneration and Nomination Committee will also provide all material information which is relevant to whether or not a person should be elected or re-elected as a director to the Board for provision to shareholders (including in relation to independence and a recommendation regarding support or otherwise to the candidate’s appointment or election).

The other commitments of non-executive directors are routinely reviewed by the Board in addition to being considered by the Remuneration and Nomination Committee prior to their appointment to the Board, and are reviewed at least annually. Prior to appointment or being submitted for re-election, each non-executive director is required to specifically acknowledge that they have and will continue to have the time available to discharge their responsibilities to the company.

The company’s constitution specifies that all non-executive directors must retire from office no later than three years or the third annual general meeting (“AGM”) following their last election (whichever is longer), and that an election of directors must take place each year. Any director, excluding the Managing Director (CEO of the group), who has been appointed during the year, must stand for election at the next AGM.

In relation to director tenure, the Board charter provides that it is anticipated that non-executive directors would generally hold office for up to ten years, and shall serve a maximum of fifteen years from date of first election by shareholders.

The Board, on its initiative and on an exceptional basis, may exercise discretion to extend this maximum term where it considers that such an extension would benefit the company.

Starpharma’s policy on non-executive director tenure is consistent with ASX guidance which acknowledges that shareholders are likely to be served well by a mix of directors, including some with a longer tenure who have accumulated experience and developed a ‘corporate memory’ over a substantial period.

Director	Date first elected by shareholders
R B Thomas	November 2014
R A Hazleton	November 2007 (retired 20 November 2020)
Z Peach	November 2011
P R Turvey	November 2012 (resigned 29 July 2021)
J K Fairley	N/A, appointed by the Board in 2006
D J McIntyre	November 2020
L Cheng	Appointed by the Board on 1 August 2021 and standing for election at November 2021 AGM

#### 1.3 Written agreements with Directors and Senior Executives

New directors receive a letter of appointment, which outlines the company’s expectations of the director in relation to their participation, time commitments and compliance with policies and regulatory requirements.

Senior executives and all employees are required to sign employment agreements which set out the key terms of their employment. All roles have formal position descriptions.

#### 1.4 Responsibilities of the Company Secretary

The Company Secretary supports the effective functioning of the Board and its committees. The Company Secretary is accountable directly to the Board, through the Chair, on all matters related to the proper functioning of the Board. The specific responsibilities of the Company Secretary are detailed in the Board charter, which is available at [www.starpharma.com/corporate\\_governance](http://www.starpharma.com/corporate_governance)

#### 1.5 Diversity objectives and achievement

The company is committed to workplace diversity, and the Board values the level of diversity already present within the organisation, believing that continuing to promote diversity is in the best interests of the company, its employees and its shareholders. The Board last revised its Diversity Policy in May 2021, which operates alongside the Code of Conduct (including Anti-Discrimination, Bullying and Harassment) policy, and it provides a framework for Starpharma to achieve several diversity objectives. The Diversity Policy is available at [www.starpharma.com/corporate\\_governance](http://www.starpharma.com/corporate_governance)

Independent of external corporate governance initiatives, the company has embraced a culture of inclusion and equal opportunity across diversity areas recognised as potentially impacting upon equality in the workplace, with a focus on gender but without limiting other aspects of diversity.

The company recognises the corporate benefits of diversity of its workforce and the Board, and realises the importance of being able to attract, retain and motivate employees from the widest possible pool of available talent. In accordance with the Diversity

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Policy, the Board has established measurable objectives for achieving gender diversity and has conducted an assessment of the objectives and progress in achieving them.

Objectives set by the Board for the 2021 financial year, and progress against these objectives is set out below:

Objective	Measurement	FY21 Performance
<b>Female participation/talent pipeline</b>	<p>Achieve greater than 40% female participation for direct reports to the CEO or senior executives ("CEO minus 2").</p> <p>Actively support and encourage training, networking and development opportunities for high potential employees.</p>	<p>50% of CEO minus 2 positions are held by females.</p> <p>Professional development opportunities and options that are aligned with the group's needs and the individual's role are considered for all employees as part of the group's annual performance review process and as needed during the year. Investments in formal/external development programs are made where appropriate and in FY21, 44 professional development programs including conferences were attended by female employees across all levels of the organisation.</p> <p>The group also continues to support participation of all female staff in a biotech industry networking initiative, which included presentations by industry role models. In FY21 this event was not run due to COVID-19 restrictions.</p>
<b>Equal opportunity employer</b>	<p>Inclusion of female candidates in recruitment process for each role with female applicants, including for Board appointments.</p> <p>Consistent and merit-based selection criteria and recruitment processes used when choosing successful candidates in all cases.</p>	<p>Female candidates participated in all recruitment processes throughout FY21. 60% of the positions were filled with female candidates.</p> <p>50% of the internal promotions that occurred in FY21 were female employees.</p> <p>100% of successful candidates were selected on merit-based criteria after taking part in Starpharma's selection process.</p>
<b>Remuneration parity</b>	<p>Ensure no significant remuneration difference for individuals in similar roles, based on gender.</p>	<p>Analysis was completed of pre- and post-remuneration review "remuneration differentials to benchmarks" by gender, and confirmed there were no significant gender differences in remuneration relative to role benchmarks.</p>
<b>Flexible working arrangements</b>	<p>Employees working under flexible working arrangements (including part time).</p> <p>Granting a majority of requests for flexible work arrangements for family responsibilities.</p>	<p>16% of employees work under flexible working arrangements, unrelated to the COVID-19 restrictions.</p> <p>Mutually satisfactory flexible work arrangements were reviewed and agreed between the requesting employee and the company in 100% of cases during FY21.</p>
<b>Support for return to work after parental leave</b>	<p>Target a return to work following primary care parental leave of 75%.</p>	<p>Three employees were on primary care parental leave during FY21. Of the two who were due to return to work in FY21, both (100%) returned to work.</p>

Slightly under half (47%) of Starpharma's employees are female, maintaining a similar gender representation to that of previous years. As captured in Starpharma's diversity objectives (above), the group strives to put in place measures, such as flexible working arrangements, specifically to encourage participation by all. The table below sets out the proportion of female employees in the whole organisation, in leadership/management roles ("CEO minus 2"), in senior executive positions and on the Board as at 30 June 2021.

Starpharma continues to have a high level of both gender and general diversity, however given the relatively small number of total employees, a change of one or few employees may have a significant impact on the group's performance in respect of the measurable diversity objectives.

Starpharma is also proud of the ethnic diversity of our employee population, with 45% of all employees born outside Australia in 17 different countries.

Starpharma continues to improve its range of objectives to support workplace diversity. For FY22, the group has expanded its

objectives, adding a measurement for awareness of unconscious bias, and also plans to broaden its measurement of diversity.

% Female (at 30 June)	2021	2020
Whole organisation (staff and Board)	47%	49%
Leadership/management roles	42%	50%
Senior executive (CEO & direct reports)	43%	43%
Board	40%#	33%

# 60% at the date of this report.

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## 1.6 Board, committee and director performance

The performance of the Board and its committees are reviewed each year by the Chairman based on the completion of a formal feedback questionnaire by each director. The summarised results are then reported back to and discussed by the Board. This performance evaluation took place in FY21.

## 1.7 CEO and senior executive performance

Performance assessments for senior executives take place annually and took place during the year. Performance review timing of executives occur throughout July/August in respect of the

prior financial year. The process for these assessments is described in the remuneration report under the heading "Remuneration governance" on page 22 of this report.

As part of the Board discussion on senior executive performance, directors give consideration to succession planning and development to ensure continuity and a smooth leadership transition in the event of senior executive movements. Separate succession planning discussions are also held as appropriate during the year.

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

### 2.1 Board committees

The Board has established two committees to assist in the execution of its duties and to allow detailed consideration of complex issues. The appropriateness of the committee structure and membership is reviewed on an annual basis. Board committees are chaired by an independent director other than the Chairman of the Board. Where applicable, matters determined by committees are submitted to the full Board as recommendations for Board decisions.

The committees established by the Board are:

- Remuneration and Nomination Committee; and
- Audit and Risk Committee.

Each committee's charter sets out its role, responsibilities, composition and structure. The committee charters are reviewed annually and were last reviewed in May 2021. Committee charters are available at [www.starpharma.com/corporate\\_governance](http://www.starpharma.com/corporate_governance)

Both committees report regularly to the Board and minutes of committee meetings are provided to the Board.

#### 2.1.1 Remuneration and Nomination Committee

For the entire reporting period to 30 June 2021, the Remuneration and Nomination Committee comprised of at least three independent non-executive directors.

At the date of this report, the Remuneration and Nomination Committee is comprised of three independent non-executive directors, consisting of the following:

Ms Z Peach (Chairman)  
Mr R B Thomas  
Ms L Cheng

Details of these directors' qualifications and attendance at committee meetings are set out in the directors' report on pages 13 to 20.

The charter of the Remuneration and Nomination Committee deals with items, to the extent delegated by the Board, related to reviewing and making recommendations to the Board in respect of the following:

- Board and director candidate identification, appointments, elections, composition, independence, tenure and succession;
- Remuneration and incentive policies and practices generally;
- Remuneration packages and other terms of employment for executive directors, other senior executives and non-executive directors;
- The succession of the CEO and other senior executives;
- Diversity related items;
- Board skills matrix;
- Background checks for director candidates;
- Provision and oversight of induction and training development opportunities for directors; and
- Minimum shareholding requirements for non-executive directors (if any).

The Remuneration and Nomination Committee charter is available at [www.starpharma.com/corporate\\_governance](http://www.starpharma.com/corporate_governance)

### 2.1.2 Audit and Risk committee

For the entire reporting period to 30 June 2021, the Audit and Risk Committee comprised of at least three independent non-executive directors.

At the date of this report, the Audit and Risk Committee is comprised of four independent non-executive directors consisting of the following:

Mr D McIntyre (Acting Chair)  
Mr R B Thomas  
Ms Z Peach  
Ms L Cheng

Details of these directors' qualifications and attendance at committee meetings are set out in the directors' report on pages 13 to 20.

Each member of the Audit and Risk Committee is financially literate, and jointly possess a number of relevant finance qualifications and experience. As a collective, the members of the Audit and Risk Committee between them have substantial financial, accounting and risk management related/technical expertise, as well as a sufficient understanding of the biotechnology industry, to be able to discharge the committee's mandate effectively. Members have held relevant senior positions in companies and organisations, including in finance and risk management and are or have been members of other ASX-listed company audit committees. Such positions include chief financial officer, head of risk management and Chairman of Corporate Risk Management Committee, M&A director, and broker/analyst roles. Mr McIntyre is a CPA, and Mr Thomas is approved under the NSW prequalification scheme for Audit and Risk Committee Independent Chairs and Members for government/public sector agencies.

Ms Cheng was appointed to the Audit and Risk Committee on 1 August 2021. Ms Cheng has a strong background in finance with more than 25 years of experience as a finance executive and having previously served as Chair of an audit and risk committee for a large organisation.

The Board continually reviews committee membership to ensure the appropriate qualifications, skills and experience, which are currently optimal.

The committee meets at least twice a year, and has direct access to the company's auditor.

The charter of the Audit and Risk Committee deals with items, to the extent delegated by the Board, related to reviewing and making recommendations to the Board in respect of the following:

- Annual report, half-year financial report and financial forecasts or guidance given to the market;
- Systems of risk management and internal controls and review and recommendations on certain material exposure;
- All aspects related to the external auditor;
- Related party transactions;
- Material incidents; and
- Insurance.

The Audit and Risk Committee charter is available at [www.starpharma.com/corporate\\_governance](http://www.starpharma.com/corporate_governance)

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## 2.2 Board skills

Part of the role of the Remuneration and Nomination Committee is to assist the Board to review the Board's composition and succession planning. Both the Board and the Remuneration and Nomination Committee work to ensure that the Board continues to have the right balance and mix of diversity (including gender), skills, experience, background and independence necessary to discharge its responsibilities.

The current composition of Starpharma's Board includes directors with core industry experience, as well as senior finance, legal and risk management experience, essential for the Audit and Risk Committee.

A skills and experience matrix is used to review the combined capabilities of the Board. A mix of general and specialty skills and experience areas critical to the success of the company are selected for directors to assess themselves against. Each area is closely linked to the company's core objectives and strategy.

The directors rated the depth of their skill and experience in each of the following areas:

1. Leadership in Healthcare and/or Scientific Research;
2. Pharmaceutical/Product Development and Supply Chain;
3. International experience;
4. Regulation/Public Policy;
5. Licensing and commercialisation of innovation;
6. Science and Technology
7. Sales, Marketing and Business Development;
8. Governance;
9. Strategy & Risk Management;
10. Accounting/Corporate Finance;
11. Health, Safety & Environment;
12. Remuneration;
13. M&A/Capital Markets; and
14. Audit and Risk.

The results of the matrix show that there are three or more directors with intermediate to deep skills and experience in each of the fourteen areas above. The Board reviews the matrix at least annually to ensure it covers the skills needed to serve the existing and emerging areas of Starpharma's business.

The breadth and depth of the desired skills and experience represented by the directors is notable considering the size of the Board, and no existing or projected competency gaps have been identified. This process provides an important input to succession planning for the Board.

Having regard to the current and future activities of the group, the Board considers that collectively it has the appropriate skills and experience in each area listed above.

## 2.3 Board members

Details of the members of the Board, their experience, qualifications, term of office and independence status are set out in the directors' report under the heading "Information on Directors". There are four non-executive directors, all of whom are deemed independent under the principles set out below, and one executive director, at the date of signing the directors' report. 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 directors with an external or fresh perspective; and

- the size of the Board is appropriate for the company and conducive to effective discussion and efficient decision-making.

The Board reviews the commitments of each non-executive director, such as other directorships, to consider each director's capacity to dedicate sufficient time to the company.

Starpharma's CEO also sits on the board of listed small-cap investment company Mirrabooka as a non-executive director. This external post exposes both Dr Fairley and Starpharma to insights from institutional investors and further extends the company's network and provides her with a different vantage point. Dr Fairley remains fully committed to her CEO role at Starpharma and the Board has carefully considered the time commitment to ensure her leadership of Starpharma is not impacted.

The Remuneration and Nomination Committee and Board assessed the executive and non-executive roles held by David McIntyre and Lynda Cheng in relation to their time commitment, and determined there was no question as to their time commitment to serve on Starpharma's Board.

## 2.4 Directors' independence

The Board charter contains guidelines for assessing the materiality of directors' relationships that may affect their independence. These guidelines are aligned with the 4<sup>th</sup> Edition CGC Recommendations. The Board charter is available at [www.starpharma.com/corporate\\_governance](http://www.starpharma.com/corporate_governance)

The Board reviews the independence of directors before they are appointed, on an annual basis and at any other time where the circumstances of a director change such as to require reassessment. The Board has determined that all non-executive directors are independent at the date of this report.

The CEO is not considered independent by virtue of being an executive director and a member of management.

## 2.5 Chairman and Chief Executive Officer (CEO)

The current Chairman, Mr Thomas, is an independent non-executive director appointed in 2013 and Chairman in June 2014. The CEO, Dr Jackie Fairley, was appointed as a director and CEO on 1 July 2006. The Chairman is responsible for leading the Board, ensuring directors are properly briefed in all matters relevant to their role and responsibilities, facilitating Board discussions and managing the Board's relationship with the group's senior executives. The Board has established the functions delegated to the CEO. The CEO is responsible for implementing company strategies and policies, and for the day-to-day business operations of the group in accordance with the strategic objectives of the group as approved by the Board from time to time.

In accordance with current practice, the company's policy is for the roles of Chairman and CEO to be undertaken by separate people.

## 2.6 Director induction and professional development

The Remuneration and Nomination Committee oversees, reviews and makes recommendations to the Board in relation to the induction, training and development of non-executive directors, to ensure they have access to appropriate learning and development opportunities to develop and maintain the skills and knowledge required to effectively perform in their role as a director.

The Board receives regular updates at Board meetings and Board workshops which assist directors in keeping up to date with relevant market and industry developments.

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

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### 3.1 Values

Starpharma prides itself on a strong culture based on accountability, performance, and ethical behaviours. The company's core values are disclosed in its Diversity Policy and its Code of Conduct, as well as its Environmental, Social and Governance ("ESG") Report.

### 3.2 Code of conduct

The Board is committed to the principles underpinning best practice in corporate governance, with a commitment to the highest standards of legislative compliance and financial and ethical behaviour. The company has established a code of conduct reflecting the core values of the company and setting out the standards of ethical behaviour expected of directors, officers and employees in all dealings and relationships including with shareholders, contractors, customers and suppliers, and with the group. The code of conduct is provided to new starters as part of their induction and behaviour is continually monitored to ensure compliance.

The code of conduct is reviewed periodically and was last updated in May 2021. The code of conduct covers employment practices, equal opportunity, harassment and bullying, conflicts of interest, use of group assets and disclosure of confidential information.

### 3.3 Whistleblower policy

Starpharma has a whistleblower policy which sets out the procedures for reporting of instances of illegal, fraudulent, or undesirable behaviour to ensure that Starpharma's code of conduct and other policies are promoted and implemented, and that compliance with the law is maintained.

### 3.4 Anti-bribery and corruption policy

Starpharma has an anti-bribery and corruption policy which sets out responsibilities in relation to key areas of fraud, corruption, and bribery; gifts and entertainment; and political donations. Breaches of this policy may result in disciplinary action up to and potentially including dismissal.

The group has not had any material breaches in relation to its code of conduct, whistleblower policy or anti-bribery and corruption policy, and if such an event were to occur, Starpharma's directors would be appropriately informed. Starpharma's policies, including the code of conduct, whistleblower policy and anti-bribery and corruption policy are available at [www.starpharma.com/corporate\\_governance](http://www.starpharma.com/corporate_governance).

## Principle 4: Safeguard the integrity of corporate reports

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### 4.1 Audit and Risk Committee

The company has established an Audit and Risk Committee consisting of four independent non-executive directors. Details regarding composition, meetings and charter are set out in sections 2.1 and 2.1.2 of this Corporate Governance Statement.

#### External auditors

The company's policy is to appoint an external auditor who clearly demonstrates quality and independence. The performance of the external auditor is reviewed annually. The current auditor, PricewaterhouseCoopers, has been the external auditor of the company since it commenced operations. It is PricewaterhouseCoopers' policy to rotate audit engagement partners on listed companies at least every five years. Starpharma's audit engagement partner was last appointed in FY20. An analysis of fees paid to the external auditor is provided in note 19 to the FY21 financial statements in this annual report.

It is the policy of the external auditor to provide an annual declaration of their independence to the Audit and Risk Committee. The external auditor attends each AGM and is available to answer questions shareholders may have in relation to the Auditor's Report and the conduct of the audit

### 4.2 CEO and CFO declarations for financial statements

Before the Board approves the company's financial statements for the half year or full year, the CEO and the CFO are required to provide a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

These declarations have been provided by the CEO and CFO to the Board in respect of the 2021 half year financial statements and the 2021 full year financial statements which are included in this annual report.

### 4.3 Verification process for unaudited reports

The company has established processes for management to review, and verify the accuracy of information and ensure the appropriate balance of information in its corporate reporting. For example, the group's management has procedures in place with relevant staff to allow the CEO and CFO to make appropriate certifications prior to approval of Starpharma's quarterly cashflow and activities report. Where appropriate, the company uses a documented verification process for the information and data contained in other reports, such as the ESG report.

## Principle 5: Make timely and balanced disclosures

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### 5.1. Continuous disclosure policy

The company has developed a continuous disclosure and shareholder communication policy to ensure compliance with the ASX Listing Rules and to facilitate effective communication with shareholders.

The Board has appointed the Company Secretary as the person responsible for disclosure of information to the ASX. The CEO and Company Secretary are responsible for ensuring that all announcements made by Starpharma to the ASX are accurate, balanced and comply with legal and ASX requirements, and are expressed in a clear and objective manner that allows an investor or its professional advisers to understand its ramifications and to assess its impact on the price or value of Starpharma securities.

The policy also sets out the requirements for ensuring compliance with the continuous disclosure requirements of the ASX Listing Rules and overseeing and co-ordinating disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

Procedures have been established for reviewing whether there is any price sensitive information that should be disclosed to the market or whether any price sensitive information may have been inadvertently disclosed.

Except in exceptional circumstances, all ASX announcements (other than standard compliance announcements or newsletters with no new material information) require the approval of the Chairman, or another non-executive director in his absence.

A copy of the policy is available on the company's website at [www.starpharma.com/corporate\\_governance](http://www.starpharma.com/corporate_governance)

### 5.2. Board promptly receives material announcements

To ensure directors have visibility of Starpharma's market disclosures, the Board receives copies of all ASX announcements promptly as they are lodged with the ASX.

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## 5.3. Investor presentations

AGM presentations and any investor presentations containing material new information are disclosed, in accordance with ASX listing rule 3.1. From time to time, the company will participate in

investor, industry and scientific conferences, and for those events would typically publish an accompanying presentation on its website, or lodge it on the ASX announcements platform, as appropriate.

## Principle 6: Respect the rights of shareholders

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### 6.1 Information on website

The company provides ready access to its shareholders and members of the public to information about the company and its governance on its website at [www.starpharma.com](http://www.starpharma.com)

### 6.2 Communication with investors

The company recognises that shareholders may not be aware of all group developments at all times, notwithstanding the release of information to the ASX in accordance with the company's continuous disclosure policy and the law. In addition to ensuring that all ASX announcements and company reports are available on the company's website as soon as possible following confirmation by the ASX of receipt of the announcement, the company will send to each shareholder who has so requested, either by post or email to their nominated address, annual reports.

ASX announcements are also posted on the OTCQX website ([www.otcqx.com](http://www.otcqx.com)) in order to provide timely disclosure to US investors trading in the company's Level One ADRs (OTCQX:SPHRY). The company's website also has an option for shareholders to register their email address for direct email updates which the company may send for material company matters to, where they have previously been released to ASX and OTCQX.

### 6.3 Participation at Annual General Meetings

The AGM is generally held in November each year. The Notice of Meeting and related Explanatory Notes are distributed to shareholders in accordance with the requirements of the *Corporations Act 2001* (Cth).

The AGM provides an opportunity for the Board to communicate with shareholders through the Chairman's address and the CEO's presentation.

## Principle 7: Recognise and manage risk

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### 7.1. Audit and Risk Committee

The company has established an Audit and Risk Committee consisting of at least three independent non-executive directors. Details regarding its composition, meetings and charter are set out in section 2.1 and 2.1.2 of this Corporate Governance Statement.

### 7.2 Risk assessment and management

The Board, through the Audit and Risk Committee, is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. The company operates in a challenging and dynamic environment, and risk management is viewed as integral to realising new opportunities as well as identifying issues that may have an adverse effect on the company's existing operations and its sustainability. The company is committed to a proactive approach towards risk management throughout its entire business operations. The Board aims to ensure that effective risk management practices become embedded in the company's culture and in the way activities are carried out at all levels of the group. The Board and management recognise the importance that risk management plays in ensuring the business is able to fully capitalise on the opportunities available to it, as well as mitigating potential loss.

Health and safety are considered to be of paramount importance and are the focus of significant risk management activities within the group. Other risk areas that are addressed include product liability, business continuity, cyber-security, reputation, intellectual property, product development and clinical trials. Adherence to the code of conduct is required at all times and the Board actively promotes a culture of quality and integrity. The Board has required management to design and implement a risk management and internal control system to manage the group's material business risks. The risk management policy sets out policies for the

Shareholders are given the opportunity, through the Chairman, to ask general questions of the Board. Shareholders who are unable to attend the meeting in person may submit written questions together with their proxy form, to be addressed in the Chairman's address, the CEO's presentation or put to the meeting by the Chairman. For the 2020 AGM, the company used technology to conduct a virtual AGM, which included the ability for shareholders to ask questions. The external auditor attends each AGM and is available to answer questions shareholders may have in relation to the Auditor's Report and the conduct of the audit.

### 6.4 Voting by poll

All resolutions at Starpharma's shareholder meetings are voted on by poll rather than by show of hands.

### 6.5 Electronic communication with the company and its share registry

Shareholders and other interested parties are able to subscribe to Starpharma news via the company's website or to certain information via the company's share registry. Significant ASX announcements and financial reports are emailed to subscribers promptly following confirmation by the ASX of receipt of the relevant report or announcement.

Shareholders are also able to contact the company or submit questions or comments to the company's investor relations email address, and where appropriate, a response will be provided. No price sensitive information will be provided unless previously released to the ASX.

oversight of material business risks, and describes the responsibilities and authorities of the Board, the Audit and Risk Committee, the CEO, CFO & Company Secretary, and the senior management team. A summary of the policy is available on the company's website at

[www.starpharma.com/corporate\\_governance](http://www.starpharma.com/corporate_governance)

The CEO and CFO & Company Secretary are responsible to the Board through the Audit and Risk Committee for the overall implementation of the risk management program. During the financial year management has reported to the Board as to the effectiveness of the group's management of its material risks.

### 7.3 Internal audit function

Given the size of the company, there is no internal audit function. As detailed in section 7.2 of this Corporate Governance Statement, detailed risk assessments are carried out in respect of a wide range of items, and where appropriate and possible, risk mitigation strategies are implemented to minimise the chance of the risks occurring, and to minimise any impact where a risk eventuates.

### 7.4 Sustainability risks and management

The company's key economic, environmental and social sustainability risks are outlined on pages 19 to 20 of the directors' report under the heading 'Material Business Risks'.

In addition to the risk assessment and management strategies outlined in section 7.2 of this Corporate Governance Statement and set out in the ESG section on page 12 of the annual report, as well as in the ESG Report available on Starpharma's website, the company utilises a number of risk mitigation strategies including employing qualified staff and consultants, external advisors, maintaining a portfolio/pipeline of products and applications, and holding insurance in a number of areas.

## Principle 8: Remunerate fairly and responsibly

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### 8.1 Remuneration and Nomination Committee

The company has established a Remuneration and Nomination Committee consisting of three independent non-executive directors. Details regarding composition, meetings and charter are set out in sections 2.1 and 2.1.1 of this Corporate Governance Statement.

### 8.2 Non-executive and executive remuneration

Each member of the senior executive team has signed a formal employment contract covering a range of matters including their duties, rights, responsibilities and any entitlements on termination. Each role has a position description which is reviewed by the CEO (or the committee in the case of the CEO) and relevant executive. Further information on directors' and executives' remuneration, including principles used to determine remuneration, is set out in the remuneration report on pages 21 to 43.

Executive directors and senior management receive a mix of fixed and variable pay, comprising both cash and equity incentives.

Non-executive directors receive fees only and do not receive bonus payments or equity incentives. Non-executive directors do not receive termination/retirement benefits, whereas executive directors and senior management are entitled to termination payments in accordance with the terms of their contracts (detailed on page 41).

### 8.3 Prohibition on hedging of unvested/restricted entitlements

Employees are prohibited from entering into transactions in products which limit the economic risk of any equity granted under an employee incentive scheme which are unvested or subject to a disposal restriction. Details in relation to this policy are contained in the securities dealing policy which is available at [www.starpharma.com/corporate\\_governance](http://www.starpharma.com/corporate_governance)