

CLARITY PHARMACEUTICALS LTD
CORPORATE GOVERNANCE

Corporate Governance Statement

Clarity Pharmaceuticals Ltd ACN 143 005 341 (the **Company**) is committed to continuously improving and achieving high standards of corporate governance. The Board has established its governance framework and practice believing good corporate governance is closely related to performance and serves in the best interests of shareholders and stakeholders.

The Company's Corporate Governance Statement has been prepared in accordance with the 4th Edition of the Australian Securities Exchange's (**ASX**) Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council (**ASX Principles and Recommendations**).

The Company's Corporate Governance Statement is accurate and up to date as at 16 July 2021 and has been approved by the Board. It discloses the extent to which the Company intends to follow the ASX Principles and Recommendations upon the Company being admitted to the Official List of ASX and where an ASX recommendation is not intended to be followed, the Board discloses the reasons for not following the recommendation and any alternative governance practices the Company will adopt in lieu of the Recommendation.

A description of the Company's main corporate governance practices and its 'if not, why not' report on its compliance with the ASX Principles and Recommendations upon being admitted to the Official List of ASX is set out below.

The Company's Corporate Governance Statement is structured with reference to the principles set out in the 4th Edition ASX Principles and Recommendations, which are as follows:

Principle 1	Lay solid foundations for management and oversight
Principle 2	Structure the Board to be effective and add value
Principle 3	Instil a culture of acting lawfully, ethically and responsibly
Principle 4	Safeguard the integrity of corporate reports
Principle 5	Make timely and balanced disclosure
Principle 6	Respect the rights of security holders
Principle 7	Recognise and manage risk
Principle 8	Remunerate fairly and responsibly

Further information on corporate governance policies adopted by the Company will be made available on our website (www.claritypharmaceuticals.com).

CLARITY PHARMACEUTICALS LTD
CORPORATE GOVERNANCE (CONTINUED)

Principle	Corporate Governance Council Recommendation	Compliance
1	Lay solid foundations for management and oversight	
1.1	A listed entity should have and disclose a board charter setting out: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	✓
	<p><i>How we comply with 1.1</i></p> <p>The Company adopted a Board Charter to be effective upon the Company being admitted to the Official List of the ASX (Admission) setting out the matters expressly reserved to the Board and those delegated to management.</p> <p>The Board's primary role is to provide overall strategic guidance and financial management and controls for the Company through effective oversight of management. The Board ensures that the activities of the Company comply with its constitution (from which the Board derives its authority to act) and with legal and regulatory requirements.</p> <p>As outlined in the Company's Board Charter, the Board is responsible for:</p> <ul style="list-style-type: none"> a) providing leadership, defining the Company's purpose and setting the strategic objectives of the Company; b) approving and upholding the Company's code of conduct (and any statement of values and standards contained therein); c) appointing the Chairperson (and deputy Chairperson where considered appropriate); d) appointing and, when necessary, replacing the Chief Executive Officer; e) approving the appointment and, when necessary, replacement of the Company Secretary; f) overseeing management's implementation of the Company's strategic objectives, instilling of the Company's values, and its performance generally; g) through the Chairperson, overseeing the role of the Company Secretary; h) approving operating budgets and major capital expenditure; i) overseeing the integrity of the Company's accounting and corporate reporting systems, including the external audit; j) overseeing the Company's process for making timely and balanced disclosure of all material information concerning it that a reasonable person would expect to have a material effect on the price or value of the Company's securities if they are publicly traded; k) ensuring that the Company has an appropriate risk management framework and setting the risk appetite within which the Board expects management to operate; l) whenever required, acting as a check and balance on management decision making; m) approving the Company's remuneration framework as appropriate; and n) monitoring the effectiveness of the Company's governance practices. <p>The Board has the power to delegate responsibility to committees to consider certain issues in further detail and then report back to and advise the Board to assist the Board to carry out its functions effectively and efficiently. Standing committees established by the Board will adopt charters setting out the authority, responsibilities, membership and operation of the committee.</p>	

	<p>The Company has established two committees to be effective from Admission, namely:</p> <ul style="list-style-type: none"> a) the Audit and Risk Committee; and b) the Nomination and Remuneration Committee. <p>The Board may establish other committees from time to time to consider other matters of special importance on an 'as needs' basis.</p> <p>The Board has delegated to the chief executive officer the authority to manage the day to day affairs of the Company and the authority to control the affairs of the Company in relation to all matters other than those responsibilities reserved to the Board and its committees under their respective charters. The Board may impose further specific limits on chief executive officer delegations. These delegations of authority will be maintained by the Company Secretary and will be reviewed by the Board as appropriate from time to time. The chief executive officer has authority to sub-delegate to the senior management team.</p>	
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Principle	Corporate Governance best practice recommendation	Compliance	How we comply
1.2	<p>A listed entity should:</p> <ul style="list-style-type: none"> (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 in its possession relevant to a decision on whether or not to re-elect a director. 	✓	<p>As part of the Company's application for Admission, each Director (and the proposed Director) who had in the past 10 years been a resident of Australia provided to the Company a national criminal history check obtained from the Australian Federal Police and a search of the Australian National Personal Insolvency Index. In addition, each Director who had in the past 10 years been a resident of a country other than Australia, provided an equivalent national criminal history check and an equivalent national bankruptcy check for each country in which the Director resided.</p> <p>Each Director (and the proposed Director of the Company) also made, and provided to the Company and ASX, a statutory declaration which included confirmation that the Director had not been the subject of any criminal or civil penalty proceedings or other enforcement action by any government agency in which they were found to have engaged in behaviour involving fraud, dishonesty, misrepresentation, concealment of material facts or breach of duty.</p> <p>The Company's prospectus that was prepared in connection with its initial public offering (Prospectus) disclosed all material information in the Company's possession relating to each of the Directors (and the proposed Director).</p> <p>The Company's Notices of Meeting will contain all material information in the Company's</p>

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			<p>possession relation to any Director put forward for election as a director at the meeting.</p> <p>In the Company's Board Charter, the Board delegates authority to the Nomination and Remuneration Committee (see Recommendation 2.1 below) to undertake appropriate checks including character, experience, education, criminal record and bankruptcy history to determine whether or not to recommend a Director or senior executive to shareholders for election or re-election or to appoint a Director to fill a casual vacancy. The Board Charter also confirms the Board's commitment to providing shareholders with all material information in the Company's possession relevant to a decision on whether or not to elect or re-elect a Director.</p> <p>The Company's Board Charter also delegates authority to the Nomination and Remuneration Committee to identify and recommend to the Board candidates with appropriate skills, experience and expertise that best complement the Board's effectiveness having regard to the law and the best standards of corporate governance (which includes conducting appropriate checks).</p>
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	✓	<p>The Company's non-executive Directors are appointed in accordance with the Company's constitution, which sets out the key terms of their appointment and the term of their service in accordance with relevant Australian laws. Each of the non-executive Directors (and the proposed Director) of the Company have entered into a letter of appointment (or similar written agreement) setting out the terms of their employment with the Company or with a subsidiary or affiliate of the Company, as applicable.</p> <p>Each of the executive Directors and senior executives of the Company have been duly appointed by the Company's Board and each of the executive Directors and senior executives of the Company have entered into an employment agreement setting out the terms of their employment with the company or with a subsidiary or affiliate of the Company, as applicable.</p>

Principle	Corporate Governance best practice recommendation	Compliance	How we comply
			<p>The Board's Nomination and Remuneration Committee is responsible for overseeing the process of appointment and remuneration of Non-executive Directors, the CEO, the CFO (or equivalent), and other senior executives of the Company.</p>
1.4	<p>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.</p>	<p>✓</p>	<p>Clause 2.3(e) of the Company's Board Charter provides that the Board has reserved to itself the appointment, and when necessary, replacement of the Company Secretary.</p> <p>Clause 2.3(g) of the Company's Board Charter provides that the Board is responsible for, through the Chairperson, overseeing the role of the Company Secretary.</p> <p>Clause 3.1(h) of the Company's Board Charter provides that the Chairperson is responsible for overseeing the role of the Company Secretary, including reviewing corporate governance matters with the Company Secretary and reporting on those matters to the Board.</p> <p>Clause 3.2 of the Company's Board Charter provides that the Company Secretary is accountable directly to the Board, through the Chairperson on all matters to do with the proper functioning of the Board.</p> <p>The Board's Nomination and Remuneration Committee is responsible for overseeing the process of appointment and remuneration of the Company Secretary.</p>
1.5	<p>A listed entity should:</p> <p>(a) have and disclose a diversity policy;</p> <p>(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;</p> <p>(c) disclose in relation to each reporting period:</p> <p>(1) the measurable objectives set for that period to achieve gender diversity;</p> <p>(2) the entity's progress towards achieving those objectives; and</p> <p>(3) either:</p> <p>(i) the respective proportions of men and</p>	<p>✓</p> <p><input checked="" type="checkbox"/> - in the process of being completed</p> <p>✓</p> <p>✓</p>	<p>The Company adopted a Diversity and Inclusion Policy, to be effective upon Admission, which sets out the Company's commitment to diversity, encouraging inclusive workplace practices and behaviours and fostering a work environment that values the contributions of employees with diverse backgrounds, experiences and perspectives through improved awareness of the benefits of workforce diversity and successful management of diversity.</p> <p>Clause 4.1 of the Diversity and Inclusion Policy provides that the Board intends to establish measurable objectives for achieving gender diversity and where such measurable objectives have been established, then review and assess, at least annually, both the measurable objectives for achieving gender diversity and the Company's progress in achieving them.</p>

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	<p>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</p> <p>(ii) 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.</p> <p>If the entity was in the S&P / ASX 300 Index at the commencement of the reporting period, the measurable objective for achieving gender diversity in the composition of its board should be to have not less than 30% of its directors of each gender within a specified period.</p>	<p>✓</p> <p>N/A</p> <p>N/A</p>	<p>The Board has delegated responsibility to the Nomination and Remuneration Committee to assist the Board in achieving achieve diversity in the Company, including:</p> <ul style="list-style-type: none"> a) coordinating with the Board to ensure that the Company meets its commitment to becoming a diverse and inclusive workplace; b) identifying ways to promote a culture supportive of diversity including recruitment from a diverse pool of candidates; c) reviewing nomination practices against measurable objectives for achieving gender diversity; d) assisting and advising the Board on the process for recruiting a new director, including evaluating the balance of skills, knowledge, experience, independence and diversity on the Board; and e) reporting to the Board, at least annually, on the Company's progress in achieving the measurable objectives that have been established by the Board for achieving gender diversity (as applicable). <p>As a Company that has not yet been admitted to the Official List of ASX, the Board has not yet established measurable objectives in accordance with clause 4.1. The Board, with the assistance of the Remuneration and Nomination Committee, will develop measurable objectives for achieving gender diversity in the composition of its Board, senior executives and workforce generally in accordance with its Diversity and Inclusion Policy for the 2022 financial year.</p> <p>The Company will disclose its measurable objectives, the time period for achieving those measurable objectives and the Company's progress towards achieving those objectives in future reporting periods.</p> <p>The table below provides actual data on gender diversity that currently exists within the Company and its subsidiaries.</p>

Principle	Corporate Governance best practice recommendation	Compliance	How we comply															
			<table border="1"> <thead> <tr> <th data-bbox="863 293 1141 360"></th> <th colspan="2" data-bbox="1141 293 1391 327">Actual</th> </tr> <tr> <th data-bbox="863 327 1141 360"></th> <th data-bbox="1141 327 1273 360">Number</th> <th data-bbox="1273 327 1391 360">%</th> </tr> </thead> <tbody> <tr> <td data-bbox="863 360 1141 427">Women employed in whole organisation</td> <td data-bbox="1141 360 1273 427">9</td> <td data-bbox="1273 360 1391 427">56%</td> </tr> <tr> <td data-bbox="863 427 1141 495">Women in senior executive roles</td> <td data-bbox="1141 427 1273 495">2</td> <td data-bbox="1273 427 1391 495">25%</td> </tr> <tr> <td data-bbox="863 495 1141 562">Women in board positions</td> <td data-bbox="1141 495 1273 562">1</td> <td data-bbox="1273 495 1391 562">14%</td> </tr> </tbody> </table>		Actual			Number	%	Women employed in whole organisation	9	56%	Women in senior executive roles	2	25%	Women in board positions	1	14%
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1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its board, its committees and individual directors; and</p> <p>(b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.</p>	<p>✓</p> <p>✓</p>	<p>The Company has adopted an evaluation process in relation to the Board (including individual directors) and its Committees.</p> <p>Clause 3.1(k) of the Nomination and Remuneration Charter provides that the Nomination and Remuneration Committee will be responsible for overseeing the development and implementation of a process for the evaluation of the performance the Board, Committees, and directors individually, using both measurable and qualitative indicators.</p> <p>The Nomination and Remuneration Committee will evaluate the performance of the Board and its directors individually on an annual basis, using measurable and qualitative indicators.</p> <p>An evaluation of the performance of the Board's Committees will also be undertaken. The Nomination and Remuneration Committee will review its performance at least every three years or earlier if circumstances dictate, and whenever there are major changes to the management structure of the Company. The performance evaluation will have regard to the extent to which it has met its responsibilities in terms of the Nomination and Remuneration Charter. The Audit and Risk Committee will also review its performance from time to time and whenever there are major changes to the management structure of the Company.</p> <p>As the Company has not yet been admitted to the Official List of ASX, the Company has not yet undertaken an evaluation of the performance of the Board, or of the Directors individually in respect of the current reporting period.</p>															
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for evaluating the performance of its</p>	<p>✓</p>	<p>In accordance with clause 6.1 of the Board Charter, it is the policy of the Board to ensure that Directors and executives of the Company</p>															

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	<p>senior executives at least once every reporting period; and</p> <p>(b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.</p>	✓	<p>are equip[ped with the knowledge and information they need to discharge their responsibilities effectively, and that individual and collective performance is regularly and fairly reviewed. The Company is required to implement a process for regularly reviewing the performance of senior executives.</p> <p>The Nomination and Remuneration Committee has been established to also review and evaluate the performance of executives on an annual basis (see clause 6.2 of the Board Charter). This includes the performance of the Executive Chairperson which is required to be evaluated by a suitable non-executive director in accordance with clause 6.1 of the Board Charter.</p> <p>As the Company has not yet been admitted to the Official List of ASX, the Company has not yet undertaken an evaluation of the performance of the performance of its senior executives in respect of the current reporting period.</p>
2	Structure of the Board to be effective and add value		
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director and disclose the charter of the committee, the members of the committee; and</p> <p>(3) 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</p> <p>(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, knowledge, experience, independence and diversity to</p>	<p>Complies in part</p> <p>✓</p> <p>✓</p> <p>N/A</p>	<p>The Company has established a Nomination and Remuneration Committee, which is comprised of four members. The current members of the Nomination and Remuneration Committee are Ms Rosanne Robinson, Dr Thomas Ramdahl, Mr Rob Thomas and Dr Gillies O'Bryan-Tear. Ms Rosanne Robinson is the chair of the Nomination and Remuneration Committee (being an independent director).</p> <p>The Nomination and Remuneration Committee is comprised solely of non-executive directors in accordance with ASX Listing Rule 1.1 condition 18. However, the company will only comply with the Corporate Governance Principles and Recommendations as only Ms Robinson and Mr Thomas are currently considered by the Board to be independent. As a result, only half (and not the majority) of the members of the Nomination and Remuneration Committee are independent directors.</p> <p>The Nomination and Remuneration Committee Charter sets out the responsibilities of the Nomination and Remuneration Committee. The Nomination and Remuneration Committee is</p>

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	enable it to discharge its duties and responsibilities effectively.		<p>responsible for assisting and advising the Board on:</p> <ul style="list-style-type: none"> a) Board succession planning generally; b) induction and continuing professional development programs for directors; c) the development and implementation of a process for evaluating the performance of the Board, its committees and directors; d) the process for recruiting a new director, including evaluating the balance of skills, knowledge, experience, independence and diversity on the Board and, in the light of this evaluation, preparing a description of the role and capabilities required for a particular appointment; e) the appointment and re-election of directors; and f) ensuring there are plans in place to manage the succession of the CEO and other senior executives, <p>to ensure that the Board is of a size and composition conducive to making appropriate decisions, with the benefit of a variety of perspectives and skills and in the best interests of the Company as a whole.</p> <p>As the Company is not yet admitted to the Official List of the ASX there is no relevant reporting period from an ASX perspective to report the number of times that the Nomination and Remuneration Committee have met. However, the Nomination and Remuneration Committee met throughout the financial year ended 30 June 2021 on two occasions.</p>
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	Complies in part	<p>As noted in clause 5.3 of the Board Charter, the Company seeks to have Directors with an appropriate range of skills, experience, diversity and an understanding of and competence to deal with current and emerging issues of the business. The Company's succession plans are also designed to maintain an appropriate balance of skills, experience and expertise on the Board and to reflect the Company's commitment to promoting diversity in the workplace.</p> <p>While the Company does not have or disclose a formal Board skills matrix, as noted above, the Company, with the assistance of the</p>

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			<p>Nominations and Remuneration Committee, seeks to consider attributes and skill set as part of an appointment.</p> <p>Information regarding the qualifications of each of the Directors of the Company is disclosed at section 6.1.1 of the Prospectus.</p>
2.3	<p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(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 name of the interest, position or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p>	<p>✓</p> <p>✓</p> <p>✓</p>	<p>Clause 5.10 of the Company's Board Charter provides that, as a general principle, a Director is considered independent by the Company if the Director is free of any interest, position, association or relationship that might influence, or be reasonably perceived to influence, in a material respect his or her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company.</p> <p>The Board assesses independence at least annually. The Board is currently of the view that the following members of the Board are Independent Directors, where an Independent Director is a Non-Executive Director who meets the criteria for independence included in the ASX Corporate Governance Council Principles and Recommendations:</p> <ul style="list-style-type: none"> • Ms Rosanne Robinson; and • Mr Rob Thomas. <p>The Board has determined that the following Directors of the Company are not Independent Directors under the applicable criteria for independence included in the ASX Corporate Governance Council Principles and Recommendations:</p> <ul style="list-style-type: none"> • Dr Alan Taylor (Executive Chairperson) and Dr Colin Biggin (Managing Director and CEO) on the basis that they are employed by the Company in executive capacities. • Dr Charles Gillies O'Bryan-Tear on account of the combination of his role as Chair of the Company's Global Clinical Development Group, the provision of consulting services provided by Dr O'Bryan Tear pursuant to a Consultant Services Agreement (refer to Section 6.7 of the Prospectus) and the Options he holds in the Company (refer to Section 6.4.2.6 of the Prospectus).

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			<ul style="list-style-type: none"> • Dr Chris Roberts on the basis that he is a substantial shareholder of the Company and will continue to be a significant shareholder post-Admission. • Dr Thomas Ramdahl on the basis that he provided consulting services to the Company under a consulting services agreement within the past three years. <p>Accordingly, upon Admission, the Board will:</p> <ul style="list-style-type: none"> • not be chaired by an independent director, as recommended in Recommendation 2.1; and • not consist of a majority of independent directors as recommended in Recommendation 2.4. <p>Despite this, the Board has considered the Company's immediate requirements as it transitions to an ASX-listed company and is satisfied that the composition of the Board reflects an appropriate range of corporate memory, independence, skills and experience for the Company upon Admission.</p> <p>The Board has formally considered the independence of the non-executive directors Dr O'Bryan-Tear, Dr Roberts and Dr Ramdahl. It has concluded for each of these Directors that their relationship to the Company does not compromise their ability to bring an independent judgement to bear on matters before the Board. The Board believes that each of Dr O'Bryan-Tear, Dr Roberts and Dr Ramdahl bring objective and unbiased judgement to the Board's deliberations and make an invaluable contribution to the Company through their deep understanding of its business and the industry in which it operates.</p> <p>Clause 5.12 of the Company's Board Charter provides that the Board will regularly assess the independence (as may be applicable) of each Non-Executive Director in light of the interests disclosed by them. That assessment will be made at least annually at, or around the time, that the Board considers candidates for election to the Board. Each independent Director (as may be applicable) must provide the Board with all relevant information for this. The outcome of this assessment will be reflected in the</p>

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			<p>corporate governance section of the Company's annual report.</p> <p>If the Board determines that a Director's independent status has changed, this will be immediately disclosed and explained in an announcement to ASX.</p> <p>The length of service for each Director is disclosed at section 6.1.1 of the Prospectus.</p>
2.4	A majority of the board of a listed entity should be independent directors.	X	As set out under Recommendation 2.3 above, a majority of the members of the Board are not considered to be Independent Directors (where an Independent Director is a Non-Executive Director who meets the criteria for independence included in the ASX Corporate Governance Council Principles and Recommendations).
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.	Complies in part	<p>As set out under Recommendation 2.3 above, the Chair, Dr Alan Taylor is not considered an Independent Director.</p> <p>The Chair (Dr Alan Taylor) is not the same person as the CEO (Dr Colin Biggin) of the Company.</p>
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 director effectively.	✓	<p>The Company's induction program provides incoming directors with information that will enable them to carry out their duties in the best interests of the Company. This includes supporting ongoing education of directors for the benefit of the Company.</p> <p>The Company's Nomination and Remuneration Committee is responsible for making recommendations to the Board in respect of establishing an effective induction program for new directors and identifying whether there are any deficiencies in the composition of the Board in light of its collective desired mix of skills and experience which should be addressed by further professional development for existing directors.</p>
3	Instil a culture of acting lawfully, ethically and responsibly		
3.1	A listed entity should articulate and disclose its values.	✓	<p>The Company has adopted a Code of Conduct to be effective from Admission, in which it sets out its values and commitments as follows:</p> <p>a) Innovation: The Company strives to use novel solutions and state-of-the-art technology to foster innovation and promote positive change in the space</p>

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			<p>of personalised medicine and targeted radiopharmaceuticals.</p> <p>b) Thought leadership: The Company is determined to gain insight from industry thought leaders to ensure that its strategy is up to date with the most recent scientific and technologic advancements and to use cutting edge solutions in order to ensure commercial success and significantly improve patient health.</p> <p>c) Collaboration: The Company believes that collaboration on many different levels is the driving force behind progress. It is the core of the Company's strategy. The Company promotes collaboration among its employees, shareholders, suppliers and customers, and governments, universities, R&D institutes and key opinion leaders in the industry with the aim of strengthening and diversifying its knowledge in the space.</p> <p>d) Reliability and trust: The Company aims to establish relationships that are based on strong mutual trust in order to create an environment where all parties involved work towards a common goal, knowing their input will be valued and respected. Members of the Company are expected to make and meet commitments and conduct business with professionalism and integrity.</p> <p>e) Honesty and integrity: The Company is committed to acting honestly and with integrity in all of its dealings, both internally and externally. The Company commits to only dealing with partners who demonstrate similar responsible and professional business practices.</p> <p>f) Environment: The Company is committed to acting responsibly towards the environment.</p>
3.2	<p>A listed entity should:</p> <p>(a) have and disclose a code of conduct for its directors, senior executives and employees; and</p> <p>(b) ensure that the board or a committee of the board is informed</p>	<p>✓</p> <p>✓</p>	<p>The Company adopted a suite of policies to be effective upon Admission including a Code of Conduct which provides guidelines aimed at maintaining high ethical standards and corporate behaviour.</p>

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	of any material breaches of that code.		<p>Directors and employees are expected to comply with all Company policies (including the Code of Conduct) and to act professionally with integrity, honesty and responsibility at all times.</p> <p>The Company has processes in place to ensure that the Board will be informed of any material breaches of the Company's Code of Conduct and other policies. Preliminary investigations of reported breaches or suspected breaches are administered by the Company Secretary. If a breach of the Code is found to have occurred, a formal investigation process is administered by the Secretary in consultation with the supervisor or manager of the offending person. In the investigation process, all Members are expected to cooperate with the directions of the Secretary (or its nominee).</p>
3.3	<p>A listed entity should:</p> <p>(a) have and disclose a whistleblower policy; and</p> <p>(b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.</p>	<p>✓</p> <p>✓</p>	<p>The Company has a Whistleblower Policy in place. The Company has put processes in place to ensure that the Board is informed of any material incidents reported under that policy in accordance with the terms of the Whistleblower Policy.</p> <p>A copy of the Company's Whistleblower Policy is available on the Company's website (www.claritypharmaceuticals.com).</p>
3.4	<p>A listed entity should:</p> <p>(a) have and disclose an anti-bribery and corruption policy; and</p> <p>(b) ensure that the board or a committee of the board is informed of any material breaches of that policy.</p>	<p>✓</p> <p>✓</p>	<p>The Company adopted an Anti-bribery and Corruption Policy to be effective upon Admission. In addition, the Company has ensured that adequate processes are in place to ensure that the Board is informed of any material breaches of that Anti-bribery and Corruption Policy.</p> <p>The Company's Anti-bribery and Corruption Policy is available on the Company's website (www.claritypharmaceuticals.com).</p>
4	Safeguard integrity of corporate reports		
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p>	<p>✓</p> <p>✓</p>	<p>The Company has an Audit and Risk Committee that assists the Board to fulfil its statutory and regulatory responsibilities.</p> <p>The Audit and Risk Committee is comprised of Mr Rob Thomas, Ms Rosanne Robinson and Dr Chris Roberts and is chaired by Mr Rob Thomas. The members are all non-executive Directors and a majority are independent Directors (being Ms Robinson and Mr Thomas). The Chair of the Audit Committee, Mr Rob</p>

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	<p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(b) 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</p> <p>(c) 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 corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>✓</p> <p>✓</p> <p>✓</p> <p>N/A</p>	<p>Thomas, is an independent Director and is not the chair of the Board.</p> <p>The Board adopted an Audit and Risk Committee Charter to be effective upon Admission which is available on the Company's website (www.claritypharmaceuticals.com).</p> <p>Information regarding the qualifications and experience of each of the members of the Company's Audit and Risk Committee is disclosed at section 6.1.1 of the Prospectus.</p> <p>As the Company is not yet admitted to the Official List of the ASX and the Audit and Risk Committee was established just prior to Admission, there is no relevant reporting period from an ASX perspective to report the number of times that the Audit and Risk Committee have met. The Audit and Risk Committee did not meet during the financial year ended 30 June 2021.</p>
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	✓	The Chief Executive Officer and Chief Financial Officer state in writing to the Board, prior to the Board's approval of the Company's financial statements for a financial period, that the Company's Financial Reports present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards; and that this statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board.
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 verifies the integrity of its periodic reports by receiving a declaration from its CEO and CFO for such reports in the form required by section 295A of the <i>Corporations Act 2001</i> (Cth) for full year financial statements. The majority of the Company's periodic reporting are also audited or reviewed by an external auditor. To the extent that a periodic report is not audited or reviewed by an external auditor, the Company will disclose its process to verify the integrity of the periodic report.
5	Make timely and balanced disclosure		
5.1	A listed entity should have and disclose a written policy for complying with its	✓	The Company adopted a Disclosure and Communication Policy to be effective upon

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	<p>continuous disclosure obligations under listing rule 3.1.</p>		<p>Admission which sets out the procedures that apply to the central collection, control, assessment and if required, release to the ASX, of information which may affect the price or value of the Company's securities or influence decisions taken by investors to buy or sell the Company's securities.</p> <p>The Company's Disclosure and Communication Policy seeks to ensure compliance with obligations under the continuous disclosure regime of the ASX Listing Rules to ensure that all security holders of the Company have access to material information about the Company and its prospects. A copy of the Company's Disclosure and Communication Policy is available on the Company's website (www.claritypharmaceuticals.com).</p> <p>As a standing agenda item at each Board meeting on and from Admission, the Company's Directors will consider whether or not there is any information (including any matters reported to or discussed at the Board meeting) that may potentially need to be disclosed to the market pursuant to the Company's continuous disclosure obligations.</p>
5.2	<p>A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.</p>	✓	<p>On and from Admission, the Company will make available copies of all announcements made by the Company to the Board as soon as possible after each announcement is made.</p>
5.3	<p>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.</p>	✓	<p>Clause 5.5 of the Company's Disclosure and Communication Policy provides that before each reporting period, the Chairman of the Board and CEO will formulate guidelines for briefings for analysts and institutional investors for that period. The Company's policy at these briefings is that:</p> <ul style="list-style-type: none"> a) any presentation materials will be lodged with the ASX and on the Company's website before any briefings; b) the Company will not comment on price sensitive issues not already disclosed to the ASX; and c) any questions raised in relation to price sensitive issues not already disclosed to the ASX will not be answered or will be taken on notice.
6	<p>Respect the rights of security holders</p>		

Principle	Corporate Governance best practice recommendation	Compliance	How we comply
6.1	A listed entity should provide information about itself and its governance to investors via its website.	✓	Details of the Company and its governance are available on the Company's website (www.claritypharmaceuticals.com).
6.2	A listed entity should have an investor relations program to facilitate effective two-way communication with investors.	✓	The Company has adopted a Disclosure and Communication Policy that sets out the Company's investor communication processes. The Company encourages shareholders and stakeholders to contact senior executives and Directors via its website, email or via telephone. All Company announcements provide contact details to facilitate communication with investors.
6.3	A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.	✓	The Company will facilitate and encourage participation at meetings of security holders by offering shareholders the opportunity to: <ol style="list-style-type: none"> a) attend shareholder meetings in person, where appropriate; b) lodge votes online; and c) appoint a proxy to attend a meeting and vote on the shareholder's behalf. Shareholders will also be encouraged to participate at meetings by asking questions either in advance of the meeting or at the meeting.
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 is committed to ensuring all substantive resolutions are decided by a poll rather than by a show of hands.
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.	✓	Through its share registry, Link Market Services Limited, the Company actively encourages its security holders to receive all communications electronically.
7	Recognise and manage risk		
7.1	The board of a listed entity should: <ol style="list-style-type: none"> (a) have a committee or committees to oversee risk, each of which: <ol style="list-style-type: none"> (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose the charter of the committee, the members of the committee; and (3) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the 	✓ ✓ ✓ ✓	The Company has an Audit and Risk Committee that assists the Board to fulfil its statutory and regulatory responsibilities. As previously noted at 4.1, the Audit and Risk Committee is comprised of Mr Rob Thomas, Ms Rosanne Robinson and Dr Chris Roberts and is chaired by Mr Rob Thomas. The members are all non-executive Directors and a majority are independent Directors (being Ms Robinson and Mr Thomas). The Chair of the Audit Committee, Mr Rob Thomas, is an independent Director and is not the chair of the Board. The Board monitors and receives advice on areas of operational and financial risk, and

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	<p>members at those meetings; OR (4) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	N/A	<p>considers strategies for appropriate risk management arrangements.</p> <p>The Board adopted an Audit and Risk Committee Charter to be effective upon Admission which is available on the Company's website (www.claritypharmaceuticals.com).</p> <p>Information regarding the qualifications and experience of each of the members of the Company's Audit and Risk Committee is disclosed at section 6.1.1 of the Prospectus.</p> <p>As the Company is not yet admitted to the Official List of the ASX and the Audit and Risk Committee was established just prior to Admission, there is no relevant reporting period from an ASX perspective to report the number of times that the Audit and Risk Committee have met. The Audit and Risk Committee did not meet during the financial year ended 30 June 2021.</p> <p>Material financial risks faced by the Company are disclosed at section 5 of the Prospectus.</p>
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>✓</p> <p>✓</p>	<p>The Audit and Risk Committee, as designated by the Board, is responsible for monitoring and reviewing the effectiveness of the Company's system of risk management and internal controls.</p> <p>The Audit and Risk Committee Charter has been approved by the Board for adoption upon the Company's Admission, and accordingly, the Company's risk management framework only underwent a recent review prior to Admission. The Company is committed to ensuring that the Audit and Risk Committee review's the Company's risk management framework at least annually on and from Admission.</p>
7.3	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; OR</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk</p>	✓	<p>Although the Company does not have a formal internal audit team or function, the Company has established the Audit and Risk Committee (as noted above) which is responsible for evaluating and continually improving the effectiveness of the Company's risk management and internal control processes as detailed in the Audit and Risk Committee Charter.</p>

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	management and internal control processes.		<p>The Company does not have an internal audit function.</p> <p>The Audit and Risk Committee actively encourages the external auditor to raise internal</p>
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	✓	The Company has disclosed whether it has any material exposure to environmental and social risks at section 5 of the Prospectus.
8	Remunerate fairly and responsibly		
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) 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.</p> <p>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.</p>	<p>Complies in part</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>N/A</p>	<p>As noted above at 2.1, the Company has established a Nomination and Remuneration Committee, which is comprised of four members. The current members of the Nomination and Remuneration Committee are Ms Rosanne Robinson, Dr Thomas Ramdahl, Mr Rob Thomas and Dr Charles O'Bryan-Tear. Ms Rosanne Robinson is the chair of the Nomination and Remuneration Committee (being an independent director).</p> <p>The Nomination and Remuneration Committee is comprised solely of non-executive directors in accordance with ASX Listing Rule 1.1 condition 18. However, the company will only comply with the Corporate Governance Principles and Recommendations as only Ms Robinson and Mr Thomas are currently considered by the Board to be independent. As a result, only half (and not the majority) of the members of the Nomination and Remuneration Committee are independent directors.</p> <p>As the Company is not yet admitted to the Official List of the ASX there is no relevant reporting period from an ASX perspective to report the number of times that the Nomination and Remuneration Committee have met. However, the Nomination and Remuneration Committee met throughout the financial year ended 30 June 2021 on two occasions.</p> <p>The Nomination and Remuneration Committee Charter, which is to be effective upon Admission, is available on the Company's website (www.claritypharmaceuticals.com).</p>
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors	✓	The Nomination and Remuneration Committee assists the Board in fulfilling its corporate governance responsibilities with respect to

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	and the remuneration of executive directors and other senior executives.		<p>remuneration by providing an independent and objective perspective on the value and structure of remuneration for each of the Company's non-executive Directors, the company secretary, Executive Chair, Chief Executive Officer, Chief Financial Officer and other senior executives and employees, so as to maximise the benefit derived from their skills and experience to facilitate the long-term growth and success of the Company. To do this, the Nomination and Remuneration Committee assists and advises the Board with respect to nomination and remuneration as set out in the Nomination and Remuneration Committee Charter, which is available on the Company's website (www.claritypharmaceuticals.com).</p> <p>The details of the remuneration paid to Directors and senior executives are disclosed at section 6 of the Prospectus.</p>
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) 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</p> <p>(b) disclose that policy or a summary of it.</p>	✓	<p>The Company adopted an Equity Incentive Plan, to be effective upon Admission, to facilitate the grant of equity to management and employees in circumstances in which the Board determines a grant of equity is appropriate.</p> <p>Under clause 4.3 of the Company's Nomination and Remuneration Committee Charter, the Nomination and Remuneration Committee is responsible for overseeing the administration of any incentive or equity based plans that are adopted and ensuring compliance with applicable laws that restrict participants from hedging the economic risk of their security holdings.</p>
9	Additional recommendations that apply		
9.1	A listed entity with a director who does not speak the language in which 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.	N/A	The Company does not have a director in this position and this recommendation is therefore not applicable.