

ROLE OF THE BOARD

The role of the Board of Directors of the Company is to provide strategic guidance for Austco Healthcare Limited ("Austco") and effective oversight of management. The Board operates in accordance with Austco's Constitution and Board Charter, which describes the Board's composition, functions and responsibilities and designates authority reserved to the Board and that which is delegated to management. The Board's functions are set out in Austco's Board Charter and include:

- monitoring financial performance against agreed financial objectives;
- monitoring the implementation of the strategy approved by the Board;
- appointing, removing and monitoring the performance of the Chief Executive Officer, Chief Financial Officer and Company Secretary;
- ensuring appropriate succession planning for Board members and senior management;
- approving and monitoring financial and other reporting;
- determining the Company's dividend policy;
- approving and monitoring major capital expenditure, capital management, funding, acquisitions and divestments;
- overseeing risk management, control, accountability and compliance systems; and
- setting standards of behaviour to enhance the reputation of Austco Healthcare Limited in the market and the community.

COMPOSITION OF THE BOARD

As at the date of this report, the Directors were as follows:

Director's name	Appointment date	Independence status
Mr Clayton Astles	31 July 2015	Not independent Executive
Mr Graeme Billings(i)	21 October 2015	Independent Non Executive
Mr Brett Burns (ii)	21 October 2015	Independent Non Executive
Mr Anthony Glenning (iii)	3 September 2018	Independent Non Executive

(i) Chairman of the Board and of the Audit and Risk Management Committee, and member of the Nomination and Remuneration Committee.

(ii) Chairman of the Nomination and Remuneration Committee and member of the Audit and Risk Management Committee.

(iii) Member of the Audit and Risk Management Committee and member of the Nomination and Remuneration Committee.

Each Director is a senior and experienced executive with skills and experience necessary for the proper supervision and leadership of the Company. Before appointing a director, or putting forward to shareholders a director for appointment, the Company undertakes comprehensive reference checks that cover elements such as the person's character, experience, employment history, qualifications, criminal history, bankruptcy history, and disqualified officer status.

Directors are required to declare each year that they have not been disqualified from holding the office of director by the Australian Securities and Investments Commission ('ASIC'). Details of the Directors, their experience and their special responsibilities with respect to the Company are set out on page 3 of the 2021 Annual Report.

The terms of the appointment of a Non Executive director are set out in writing and cover matters such as the term of appointment, time commitment envisaged, required committee work and other special duties, requirements to disclose their relevant interests which may affect independence, corporate policies and procedures, indemnities, and remuneration entitlements.

Through the Nomination and Remuneration Committee directors have considered the balance of skills and experience required of Board members for the size and stage of development of Austco. Where additional skills are considered necessary for specific purposes, access is made to independent professional advice at the expense of the Company.

BOARD SKILLS MATRIX

A summary of the breadth and depth of the Board's experience and skills appear below:

Skills/Experience	Directors possessing considerable skills (out of four)	Skills/Experience	Directors possessing considerable skills (out of four)
Strategic Leadership	4	Safety	2
Health Care	2	Listed Company Experience	4
Hardware or Software development	2	Legal Acumen	3
International Operations	4	Commercial & Business Acumen	4
Governance & Compliance	2	Technological/Digital/Cyber Security	2
Audit or Corporate Finance	2	Remuneration, People & Culture	3
M&A or Capital Markets	4	Good Judgement	4
Risk Management	2	Marketing	1

BOARD FORMAL INDUCTION PROGRAM

The Company does not have in place a formal induction program or professional development program for directors. The Chief Executive Officer and Chairman are responsible for providing all information considered necessary to an incoming director to enable them to contribute to the business of the Company. Directors are responsible for their own development which includes identifying opportunities for them to attend courses or other information sessions to enhance their skills and knowledge.

CHAIRMAN AND BOARD INDEPENDENCE

Austco meets the Australian Securities Exchange Corporate Governance recommendation that the Chairperson be independent. The Company's charter specifies that the Board should comprise a majority of Non Executive Directors and will consist of directors who have a proper understanding of the business and who can add shareholder value.

The Board consists of a majority independent Directors and considers Mr Graeme Billings, Mr Anthony Glenning and Mr Brett Burns to be independent as they have not served as an executive of the Company or are substantial shareholders and meet the definition of independence as prescribed by the ASX Corporate Governance Council's Principles and Recommendations with 2019 Amendments (4th edition). Mr Astles is not considered Independent as he is an Executive of the Company.

BOARD PRACTICES

The Board meets on a regular basis (and at other times as required) to evaluate, control, review and implement the Company's operations and objectives.

The Directors receive monthly reports from the Chief Executive Officer and the Chief Financial Officer, and each receive a copy of all ASX market announcements as they are made via the ASX lodgement platform's email notification system.

A Director, subject to prior consultation with the Chairman, may seek independent professional advice (including legal advice) at the Company's expense.

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Approved by the Board on 27 August 2021

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BOARD COMMITTEES

The Board has established two committees of Directors, the Audit and Risk Management Committee and the Nomination and Remuneration Committee, to carry out certain tasks. Details of the names and relevant qualifications of the Directors appointed to these committees, the number of meetings of each committee held during the year ended 30 June 2021 and the attendance record for each Director can be found on page 4 of the 2021 Annual Report.

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee is chaired by a Non Executive Director and consists of three members and has a documented charter (including guidelines for the nomination of Directors) approved by the Board, a copy is available at the Company's website (<http://austcohealthcare.com/corporate-governance/remuneration-policy/>) or upon request from the Company. The ASX Corporate Governance guidelines recommend that the Nomination and Remuneration Committee has at least 3 members.

AUDIT AND RISK MANAGEMENT COMMITTEE

The Board has established an Audit and Risk Management Committee, which is chaired by an independent Non Executive Director and consists of three members. The Audit and Risk Management Committee has a documented charter approved by the Board and is available at the Company's website (<http://austcohealthcare.com/corporate-governance/audit-and-risk-committee-charter/>). The ASX Corporate Governance guidelines recommend that the Audit and Risk Management Committee has at least 3 members with a majority of independent directors, which the Company complies with. However, the ASX Corporate Governance guidelines also recommend the audit committee be chaired by an independent director who is not the chair of the Board which the Company does not currently comply with as the Company believe the Chair of the Board has the skills best suited to also chair the Audit and Risk Management Committee.

BOARD PERFORMANCE REVIEW

The Board has delegated the responsibility for evaluating the performance of the Non Executive Directors to the Chairman. A performance evaluation was conducted in August 2021 and included the examination of the performance of the Board and the individual Board members against the Board Charter. The outcome of that evaluation was in line with the Company's Selection and appointment of Directors policy.

The Board has delegated the responsibility for evaluating the performance of the Company's executive management to the Nomination and Remuneration Committee. A performance evaluation was conducted in July 2021 and included the examination of the performance of Executive Management against the Board Charter. The outcome of that evaluation was in line with the Company's Selection and appointment policy.

Both the Board Charter and Appointment of Directors Policy are available on the Company's website: <https://austcohealthcare.com/corporate-governance/board-charter/>.

ROLE OF MANAGEMENT

The Board has delegated the day to day management of the Company to the Chief Executive Officer, Chief Financial Officer and other senior executives ('management'). The Company's management is responsible for the following:

- implementing the strategic objectives set by the Board;
- operating within the risk parameters set by the Board;
- operational and business management of the Company;
- managing the Company's reputation and operating performance in accordance with parameters set by the Board;
- day to day running of the Company;
- providing the Board with accurate, timely and clear information to enable the Board to perform its responsibilities;
- approving capital expenditure (except acquisitions) within delegated authority levels.

Senior executives have their roles and responsibilities defined in specific position descriptions. The Nomination and Remuneration committee conducted a performance evaluation in July 2021 for the 12 month period to June 2021. The committee's recommendations included the examination of the performance of management against Company deliverables and key performance indicators.

ROLE OF COMPANY SECRETARY

The Company Secretary reports directly to the Board through the Chairman and is accessible to all directors. The Company Secretary's role, in respect of matters relating to the proper functioning of the Board, includes:

- advising the Board and its Committees on governance matters;
- monitoring compliance of the Board and associated committees with policies and procedures;
- coordinating all Board business;
- retaining independent professional advisors;
- ensuring that the business at Board and committee meetings is accurately minuted; and
- assisting with the induction and development of directors.

SHARE REGISTER COMMUNICATIONS

The Company engages its share registry to manage the majority of communications with shareholders. Shareholders are encouraged to receive correspondence from the Company electronically, thereby facilitating a more effective, efficient and environmentally friendly communication mechanism with shareholders. Shareholders not already receiving information electronically can elect to do so through the share registry, Computershare Investor Services Pty Limited.

EVALUATING THE PERFORMANCE OF EXECUTIVE MANAGEMENT

The Company conducts annual performance reviews at the commencement of each financial year for all Executive Management. These appraisals are conducted by the Chief Executive Officer or immediate line manager and assess the past year's performance as well as set future performance goals for each Executive Manager. Each appraisal is completed in conjunction with each Manager's budget forecast for the following financial year and comprise operational, financial and non financial Key Performance criteria and goals.

REMUNERATION POLICY

The Company's remuneration policy for the Board of Directors and Executive Management is structured to ensure that the remuneration package properly reflects the person's duties and responsibilities and level of performance. Executive directors and other senior executives are remunerated using combinations of fixed and performance based remuneration. Fees and salaries are set at levels reflecting market rates having regard to the individual's performance and responsibilities. Performance based remuneration is linked directly to specific performance targets that are aligned to both short and long term objectives. Share options are aligned to longer term share price growth via premium priced option exercise prices. Termination payments are detailed in individual contracts and payable on early termination with the exclusion of termination in the event of misconduct.

Executive remuneration comprises the following elements:

- Fixed remuneration, including superannuation, which is set at a level that reflects the marketplace for each position;
- Short Term Incentive (STI) payments based on achievement of operational and financial goals
- Long Term Incentive (LTI) equity based remuneration, including share options with exercise prices at a premium to the prevailing share price, which incorporates exercise restrictions based on continuity of employment.

Note: the use of derivatives or other hedging arrangements for unvested securities of the Company or vested securities of the Company which are subject to escrow arrangements is prohibited. Where a director or other senior executive uses derivatives or other hedging arrangements over vested securities of the Company, this will be disclosed.

Non Executive Directors are remunerated by way of fees and do not participate in profit or incentive schemes. Further details of remuneration of Directors and Executive Management can be found commencing on page 16 of the 2021 Annual Report.

RISK MANAGEMENT

The entire Board is responsible for overseeing the risk management function. The Company believes that it is crucial for all Board members to be a part of the process and as such has established risk management as a component of the Audit and Risk Management Committee.

The Board is responsible for ensuring risks and opportunities are identified on a timely basis.

The Board has a number of mechanisms in place to ensure management manages risk in an effective manner. These include the following:

- Implementation of Board approved operating plans and budgets;
- Board monitoring of progress against these budgets, including the monitoring of key performance indicators of both a financial and non-financial nature; and
- The establishment of risk management identification and mitigation practices.

The Board maintains a combined Audit and Risk Committee. The Charter of the Audit and Risk Committee is available at the Company's website (<http://austcohealthcare.com/corporate-governance/audit-and-risk-committee-charter/>) or upon request from the Company. The charter includes the committee's responsibilities which include procedures for general risk oversight and monitoring, internal control and risk management, risk transfer and insurance and other responsibilities.

The Audit and Risk Committee reviews the Company's risk management framework at least annually to ensure that it is still suitable to the Company's operations and objectives and that the Company is operating within the risk parameters set by the Board. As a consequence of the last review undertaken for the year ended 30 June 2020, there were no significant recommendations made.

INTERNAL RISK MANAGEMENT SYSTEM COMPLIANCE

Management is accountable to the Chief Executive Officer to ensure that operating efficiency, effectiveness of risk management procedures, internal compliance control systems and controls and policies are all being monitored. Management has designed and implemented a risk management and internal control system to manage the Company's material business risks and reports to the Board on the effective management of those risks. The Company has considered a series of operational risks which the Company believes to be inherent in the industry in which the Company operates. These include:

- Changes to operating, market or regulatory environments;
- Fluctuations in demand volumes;
- Fluctuations in exchange rates;
- Increasing costs of operations; and
- Changes in competitive environment.

These risk areas are provided here to assist investors better understand the nature of the significant risks faced by the Company.

The Board requires the Chief Executive Officer and Chief Financial Officer every half year to provide a statement confirming that a sound system of risk management and internal control is in place and that the system is operating effectively in all material respects in relation to financial risks. The Board received that assurance as part of the approval of the 2021 financial statements and annual report.

MATERIAL EXPOSURE TO ECONOMIC ENVIRONMENTAL AND SOCIAL SUSTAINABILITY RISKS

The management of the Company and the execution of its growth strategies are subject to a number of risks which could adversely affect the Company's future development. The following is not an exhaustive list or explanation of all risks and uncertainties associated with the Company (and its subsidiaries), but those considered by management to be the principal material risks:

Customer base	The Company needs to retain and attract new customers, in sufficient numbers, especially in markets where the Company already has a degree of market penetration. This is largely dependent on our technology offerings, service and also technical support.
Research and development	The Company is investing heavily in research and development. Our Research & Development efforts are currently focused on our 4th generation Tacera software platform that has an associated risk of customer uptake successful technical implementation and efficient customer experience.
Patents, trademarks and brand reputation	Maintaining and enhancing the brand is critical to the Company's strategies going forward. If the Company fails to meet customer (and supplier) expectations, negative publicity and complaints on social media platforms could damage the brand and ultimately reduce customers' willingness to buy from the Company. If the Company fails to maintain the brand or if excessive expenses are incurred in this effort, the Company's business, results of operations, financial condition and financial results may be materially and adversely affected. As with all brands, the Company is exposed to risk from unauthorised use of its trademarks and other intellectual property. Any infringement could lead to a loss in profits and have a negative impact on image and continued success. Patents and trademarks are registered and where any infringements are identified, appropriate legal action is taken.
Cash and other financial risk	The management of cash is of fundamental importance. At 30 June 2021 the consolidated entity had a cash balance of \$7.77 million. Cash is used to carry out the Company's research and development and fund working capital requirements. The Company is also exposed to financial risks such as foreign currency risk and interest rate risk. Refer to the 'Financial Instrument' note to the financial statements for

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further information on these risks and how they are managed.

Regulatory, changes in imports and/or tariffs	The Company operates in multiple jurisdictions and as such is subject to different regulatory environments. In particular, the USA has recently introduced new tariffs associated with the import of certain materials and products from China.
Loss of people	The Company's senior executive team is instrumental in implementing the Company's strategies and executing business plans which support the business operations and growth. The reseller network has strong supplier and customer relationships which are central to the Company's ability to deliver products. The research and development team are critical to bringing new initiative products to market in a timely fashion. Service agreements are in place and the risk of the loss of key personnel is mitigated by regular reviews of remuneration packages (including short and long term incentive schemes) and succession planning within the team.
Equal opportunity	The Company is committed to an active equal opportunities policy. It is the Company's policy to promote an environment free from discrimination, harassment and victimisation, where everyone will receive equal treatment regardless of gender, colour, ethnic or national origin, disability, age, marital status, sexual orientation or religion.
Loss of key customers/suppliers	Key customers and opinion leaders are critical to Austco's reputation and sales. Maintaining relationships with customers, key stakeholders and suppliers is also critical to meeting manufacturing timeframes and delivery to those customers. As the Company grows, it has developed strong relationships with both the suppliers of raw materials and the necessary logistic support.
Environmental, corporate and social responsibilities	The Company's approach is to make a positive difference to the people, environment and communities in which it works.

INTEGRITY OF FINANCIAL REPORTING AND RISK MANAGEMENT

The Board has ultimate responsibility for the integrity of the Company's financial reporting. The Directors have implemented internal control processes for identifying, evaluating and managing significant financial, operational and compliance risks to the achievement of the Company's objectives. This risk policy is available at <http://austcohealthcare.com/corporate-governance/risk-management-policy/> and reviewed annually by the committee.

The Directors have received and considered written representations from the Chief Executive Officer and the Chief Financial Officer of the Company in accordance with section 295A of the Corporations Act.

The Chief Executive Officer and the Chief Financial Officer of the Company have made the following declarations to the Board:

- That the Company's financial statements are complete and present a true and fair view, in all material respects, of the financial condition and operating results of the Company, and are in accordance with the relevant Accounting Standards; and
- That the above statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board, and that compliance and control is operating efficiently and effectively in all material respects.

INTERNAL AUDIT FUNCTION

The Company does not have a dedicated internal audit function. The responsibility for risk management and internal controls lies with both the Chief Executive Officer and Chief Financial Officer who continually monitor the Company's internal and external risk environment. Necessary action is taken to protect the integrity of the Company's books and records including by way of design and implementation of internal controls, and to ensure operational efficiencies, mitigation of risks, and safeguard of Company assets.

ANNUAL GENERAL MEETING

The Company encourages shareholders to attend the Company's AGM and to send in questions prior to the AGM so that they may be responded to during the meeting. It also encourages ad hoc enquiry via email which are responded to.

The Company's external auditor has been invited to attend the Annual General Meeting and be available to answer questions from the members of the Company about the conduct of the audit and the preparation and content of the Independent Auditor's report.

All substantive resolutions at a meeting of security holders will be held by deed poll rather than by a show of hands.

VALUES, ETHICS AND CODES OF CONDUCT

The Board recognises that it has a responsibility for setting the ethical tone and standards of the Company and Austco's Senior Executives recognise that they have a responsibility to implement practices that are consistent with those standards. The reputation of the Company is one of its most valuable assets and the Board acknowledge the importance of protecting this asset by acting ethically and responsibly.

The Company has adopted a Code of Conduct that applies to all employees and directors of the Company. The Code of Conduct reflects the commitment of the Company to ethical standards and practices. This Code deals with issues specific to employees and the Directors including, but not limited to, the following:

- Directors will act with fairness, honesty and integrity in all of their dealings on behalf of the Company.
- Directors will not discriminate on the grounds of people's race, religion, gender, marital status, or disability.
- Directors will not make promises or commitments which to their knowledge Austco does not intend, or is unable, to honour.
- Directors will require that all employees of the Company act in accordance with these principles of fairness, honesty and integrity.

A copy of the Code of Conduct is available at <http://austcohealthcare.com/corporate-governance/code-of-conduct/> or may be obtained from the Company upon request.

The Company has also implemented a policy on securities trading that binds all of the Company's officers and employees. In addition to ensuring that all officers and employees are aware of the legal restrictions on trading in the Company's securities while in possession of unpublished price sensitive information, the policy also restricts the times when officers and employees may deal in the Company's securities. A copy of the Policy for Securities Dealing by Directors and Employees is available at <http://austcohealthcare.com.au/corporate-governance/security-dealing-policy/> or may be obtained from the Company upon request.

DIVERSITY AND INCLUSION POLICY

Austco is committed to recruiting, developing and retaining a talented, diverse and inclusive workforce so as to maximise its corporate goals. Diversity includes, but is not limited to, gender, age, ethnicity and cultural background. To the extent practicable, Austco will address the recommendations and guidance provided in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th Edition) (ASX Principles).

The Board of Directors of Austco is responsible for adopting and monitoring the Company's Diversity and Inclusion Policy (Policy). This policy does not form part of an employee's contract of employment, nor does it give rise to contractual obligations. Every employee and officer of Austco is responsible for supporting and maintaining Austco's corporate culture, including its commitment to diversity and inclusion in the workplace.

Austco promotes gender balance within the workforce. While the Company is successfully overseen by only four directors who provide a skill set which is appropriate for the Company's needs, across the rest of the Company, there is a significant involvement of both female and male employees at each level of operations.

Overall, the object is for the Company to achieve the national benchmark of women comprising 47% of the workforce according to the Workplace Gender Equality Agency. Currently Austco has a total workforce comprising 31% women. Austco's ability to move toward the national benchmark is constrained by the low turnover of its staff, which has continued to remain low during COVID times in all regions where operate.

	2021		2021		2020		2020	
	NUMBER OF		PERCENTAGE OF		NUMBER OF		PERCENTAGE OF	
	Female	Male	Female	Male	Female	Male	Female	Male
Board	0	4	0%	100%	0	4	0%	100%
Senior Executive	3	10	23%	77%	3	9	25%	75%
Finance and Administration	12	2	86%	14%	12	1	92%	8%
R&D, QA and Technical	6	37	14%	86%	11	43	20%	80%
Sales, Marketing & Customer Service	8	11	42%	58%	9	8	53%	47%
Total	29	64	31%	69%	35	65	35%	65%

This Policy does not impose on Austco, its Directors, officers, agents or employees any obligation to engage in, or justification for engaging in, any conduct which is illegal or contrary to any antidiscrimination or equal employment opportunity legislation or laws that are applicable to the Company and/or its related entities.

PROGRAMS AND INITIATIVES INTRODUCED TO INCREASE DIVERSITY AND INCLUSION

1. The Board is committed to embracing diversity when determining the composition of the Board, including the nomination, selection and appointment of new directors. Assessment of qualifications, skills, experience and diversity is considered by the Board in determining the composition of the Board, senior management and employees.

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2. The Board is committed to creating and maintaining programs or initiatives to best enhance the development of required skills and experience for leadership roles and Board positions, to achieve improved diversity within the Company.
3. The Group is committed to the awareness in all staff of their rights and responsibilities with regards to fairness, equity, inclusion and respect for all.
4. To assist with improving diversity and inclusion within the organisation, the Company commenced several programs and initiatives in 2020 including:
 - formal and informal mentoring programs. Due to its success the Company further expanded this program in 2021;
 - broader reaching networking opportunities;
 - professional development programs that are targeted at helping women and men develop skills and experience for advancement in their roles;
 - fostering a corporate culture that embraces and values diversity and inclusion and uses that to deliver business outcomes; and
 - providing greater flexible work options and a working environment that helps women and men to balance their work, life and family responsibilities and act as an enabler to inclusion.

MONITORING THE MEASURABLE OBJECTIVES

The object is for the Company to achieve the national benchmark of women comprising 47% of the workforce according to the Workplace Gender Equality Agency. The Company believes the above programs and initiatives will contribute to greater gender diversity throughout the Group over the medium term, such that it can achieve its objective.

The Board is ultimately responsible for establishing the measurable diversity objectives for the Company and ensuring that they will be progressively and successfully achieved. The Chief Executive Officer and Company Secretary will monitor and report on the progress and effectiveness of the diversity program and initiatives, as part of an annual compliance review to the Board.

COMMUNICATION WITH SHAREHOLDERS AND THE MARKET

The Company's commitment to communicating with its shareholders is embodied in its Continuous Disclosure Policy, which contains policies and procedures designed to ensure accountability at the senior management level for compliance with disclosure obligations. A copy of the Company's Continuous Disclosure Policy is available at <http://austcohealthcare.com/corporate-governance/continuous-disclosure-policy/> or may be obtained upon request from the Company.

In addition to the distribution of the Annual Report, the Company maintains information in relation to governance documents, directors and senior executives, Board and committee charters, annual reports, ASX announcements and contact details on the Company's website.

In order for the investors to gain a greater understanding of the Company's business, governance practices, financial performance and future prospects, the Company schedules interactions during the year where it engages with institutional and private investors, analysts and the financial media.

Meetings and discussions with analysts are conducted by the Chief Executive Officer and Chief Financial Officer. The discussions are restricted to explanations of information already within the market or which deal with non-price sensitive information. These meetings are not held within a four-week blackout period in advance of the release of interim or full year results. Investor or analyst presentations are released onto the ASX Market Announcements Platform ahead of the presentation.

The Company encourages shareholders to attend the Company's AGM and to send in questions prior to the AGM so that they may be responded to during the meeting. It also encourages ad hoc enquiry via email which are responded to.