
CORPORATE GOVERNANCE STATEMENT

SciGen Ltd (the "Company" or "SciGen") and the Board are committed to achieving and demonstrating the highest standards of corporate governance. The Company's corporate governance framework is largely consistent with the Best Practice recommendations released by the Australian Stock Exchange Corporate Governance Council when taking into account the size and scope of the Company. The Company and its controlled entities together are referred to as the Group in this statement.

The Corporate Governance Statement has been structured with reference to the ASX Corporate Governance Principles and Recommendations to the extent that they are applicable to the Company.

PRINCIPLE 1

Lay solid foundations for management and oversight

Recommendation 1.1

A listed entity should disclose:

- (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.

Disclosure

In accordance with the Board Charter, the Board has reserved to itself the following specific responsibilities:

- providing leadership and setting the strategic objectives of the company; and overseeing management's implementation of those strategic objectives and performance generally;
- monitoring the performance of the Company against the financial objectives and operational goals set by the Board and reviewing the implementation of Board approved strategies;
- assessing the appropriateness of the skill sets and the levels of experience of the members of the Board, individually and as a whole and selecting new members to join the Board when a vacancy exists;
- appointing, removing and determining the terms of engagement of the Directors, Chief Executive Officer ("CEO") and Company Secretary;
- approving operating budgets and major capital expenditure;
- overseeing the integrity of SciGen's accounting and corporate reporting systems (including external audit);
- overseeing SciGen's process for making timely and balanced disclosure;
- ensuring SciGen has in place an appropriate risk management framework and setting the risk appetite within which the Board expects management to operate;
- approving SciGen's remuneration framework; and
- monitoring the effectiveness of SciGen's governance practices.

The Board has the authority to manage the day to day affairs of SciGen and authority to control the affairs of SciGen in relation to all matters other than those responsibilities reserved to itself in the Board Charter.

The Board has authority to sub-delegate to the senior management team.

CORPORATE GOVERNANCE STATEMENT

Recommendation 1.2

A listed entity should:

- (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate 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 elect or re-elect a director.

Disclosure

The Board is in charge of appointing new Board candidates, having regard to their skills, experience and expertise.

In doing so, the Board intends for appropriate checks to be undertaken in relation to that potential Board candidate. The Board undertakes a review of the potential candidate and their appropriate skills through a reference to their previous positions and references from contacts.

The Board provides and will continue to provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

Recommendation 1.3

A listed entity should have a written agreement with each director and senior executives setting out the terms of their appointment.

Disclosure

All directors (and proposed directors) and senior executives have entered into written appointment agreements with SciGen.

Specifically:

- the non-executive directors have each executed a letter of appointment setting out the terms and conditions of their appointment; and
- the executive director and senior executives of the Company have entered into service contracts, setting out the terms and conditions of their employment.

Recommendation 1.4

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.

Disclosure

The Company Secretary is accountable directly to the Board, through the Chairperson, on all matters to do with the proper functioning of the Board.

Under the Board Charter, the Company Secretary is responsible for:

- advising the Board and its committees on governance matters;
- monitoring the Board and committee policy and procedures are followed;
- coordinating the timely completion and dispatch of Board and committee papers;
- ensuring the business at Board and committee meetings is accurately captured in the minutes; and
- helping to organise and facilitate the induction and professional development of Directors and the Company Secretary.

CORPORATE GOVERNANCE STATEMENT

Recommendation 1.5

A listed entity should:

- (a) have a diversity policy which includes requirements of the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;
- (b) disclose that policy or a summary of it; and
- (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:
 - (1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or
 - (2) 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 the Act.

Disclosure

SciGen has established a Diversity Policy. The Company recognizes that a talented and diverse workforce at all levels of the Company is a key competitive advantage and that experienced, skilled and diversified employees are an important contributor to the Company's success.

The Company promotes an inclusive workplace where employee differences like gender, age, culture, disability and lifestyle choice are valued. The unique skills, perspectives and experience that our employees possess promotes greater creativity and innovation that better reflects and serves the needs of our diverse customer base ultimately driving improved business performance.

The Company recognises that encouraging workplace diversity is not just the socially responsible course of action but is also a source of competitive advantage for the Group.

The Group is committed to improving the gender diversity throughout the business with a particular focus on what can be achieved to improve the number of females in senior leadership roles.

The Company's current objectives in relation to gender diversity are to monitor and maintain the percentage of females in senior leadership positions at a level of at least 40%.

The Company will disclose the respective proportions of men and women on the board, in senior executive positions and across the whole organisation in its annual report.

The Company utilizes a range of inputs to inform its strategy and also assess its performance in this area such as employee opinion surveys, targeted focus groups, monitoring a host of employee data as well as external benchmarking.

The proportion of female employees to male employees within the Group as of December 31, 2016 was 54% female and 46% male. 66% of senior leadership positions are held by females and 14% of SciGen's directors are female (0% of non-executive directors).

CORPORATE GOVERNANCE STATEMENT

Recommendation 1.6

A listed entity should:

- (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and
- (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

Disclosure

It is intended that the Board will undertake an annual self-assessment of its collective performance. The process may be facilitated by an independent third party. In addition, each Board Committee may undertake an annual self-assessment on the performance of the Committee and the achievement of Committee objectives.

The Chairperson is responsible for evaluating the Board and individual directors' performance annually.

In the year ending 31 December 2016, the Chairperson met privately with most directors and senior executives to discuss this assessment. Moving forward the Chairperson intends to meet privately with each director and senior executives to discuss this assessment. The Chairperson's performance may be reviewed by the Board.

Recommendation 1.7

A listed entity should:

- (a) have and disclose a process for periodically evaluating the performance of its senior executives; and
- (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

Disclosure

Under the Board Charter, senior executives' performances will be considered by the relevant supervisors in a meeting separate to the Board meetings. The Chairperson is responsible for ensuring that the meetings take place on an annual basis.

The performance evaluations for the calendar year 2016 have been conducted.

CORPORATE GOVERNANCE STATEMENT

PRINCIPLE 2

Structure the Board to add value

Recommendation 2.1

The board of a listed entity should:

- (a) have a nomination committees which:
 - (1) has at least 3 members, a majority of whom are independent directors;
 - (2) is chaired by an independent director;
and disclose:
 - (3) the charter of the committee;
 - (4) the members of the committee; and
 - (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; or
- (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 enable it to discharge its duties and responsibilities effectively.

Disclosure

SciGen does not have a formally constituted Nomination Committee given the complete nature of the Board composition currently. The Board is of the opinion that there would be efficiencies to be gained in establishing a separate Nomination Committee. SciGen recognises it is not in compliance with recommendation 2.1. However, the function of reviewing the competencies of directors, appoint and re-appointment of directors, review of board succession and evaluation of the performances of the board and committees is undertaken by the full Board.

Currently the board as the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively. At such time when the company is well established, a Nomination Committee will be formed and the Board restructured.

Recommendation 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.

Disclosure

The Board has adopted a board skills matrix. The Company will seek to have directors with an appropriate range of skills, experience and expertise and an understanding of and competence to deal with current and emerging issues of the business. The mix of skills and diversity for which the Board is looking to achieve in membership of the board is represented by the composition of its current Board. The Board members have a high level of experience and expertise in the pharmaceutical industry. The Board skills matrix set out below describe the combined skills, experience and expertise presently present on the board.

Skills, experience and expertise		
Leadership experience	Strategies and Business Development	Corporate Governance & Risk Management
Industry experience & knowledge	Marketing	Investment
Financial Acumen	International & regional experience	ASX listed company experience
Finance & Banking	Manufacturing	Regulatory policies
Capital Markets	Research & development	

CORPORATE GOVERNANCE STATEMENT

Recommendation 2.3

A listed entity should disclose:

- (a) the names of the directors considered by the board to be independent directors;
- (b) if a director has an interest, position association or relationship of the type described Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and
- (c) the length of service of each director.

Disclosure

The independent directors as of the date of this report are:

- Mr. Kenneth Gross
- Mr. Vaidyanathan Viswanath

The Board will regularly assess the independence of each 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, and each independent director is required to provide the Board with all relevant information for this purpose.

If the Board determines that a director's independent status has changed, that determination will be disclosed to the market in a timely fashion.

Additionally, the Board has also resolved that the mere fact that a director has been in office for a period greater than ten (10) years does not change that director's status as an independent.

As at the date of this report, the length of service of each director is as follows:

Director	No of years
Marek Dziki	0.8
Ashley Ivor Simon Morris	0.1
Adam Tomasz Polonek	8.8
Ju Bo Liu	0.1
Marcin Dukaczewski	8.3
Kenneth Gross	16.7
Mateusz Patryk Kosecki	7.3
Vaidyanathan Viswanath	0.1
Jenny Low	7.3

Recommendation 2.4

A majority of the board of a listed entity should be independent directors.

Disclosure

The Board does not comprise of a majority of independent directors. The non-independent directors have the relevant expertise in the corporate finance, manufacture and world-wide sales and marketing of the product. Whilst this is a departure from the recommendation, the Board believes that the composition of the Board currently brings the right mix of complementary skills, experience and representation for the Company and its shareholders at this point in its life.

CORPORATE GOVERNANCE STATEMENT

Recommendation 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.

Disclosure

Dr. Marek Dziki, Chairperson of the Board is not an independent director under the principles set out in the Guidelines. Whilst this is a departure from the recommendation the Board believes that given the current size of the Company and its history, the Board considers that the Chairperson's functions are efficiently achieved by Dr. Dziki.

The role of the chair is not held by the CEO.

Recommendation 2.6

A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

Disclosure

Under the Board Charter, the directors are expected to participate in any induction or orientation programs on appointment, and any continuing education or training arranged for them.

The Company Secretary will help to organise and facilitate the induction and professional development of directors.

PRINCIPLE 3

Act ethically and responsibly

Recommendation 3.1

A listed entity should:

- (a) have a code of conduct for its directors, senior executives and employees; and
- (b) disclose that code or a summary of it.

Disclosure

The Board has developed a Code of Conduct which has been reviewed by the Board and will apply to all directors and employees. The Code will be reviewed regularly and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the Group's integrity.

In summary, the Code of Conduct requires that at all times, all Company personnel act with the utmost integrity, objectivity and in compliance with the letter and the spirit of the law and company policies.

The Company is in the process of reviewing the current policies of the Code of Conduct to include the reporting and investigation of unethical practices. Although the process is not included in the current Code of Conduct, to date, all reports of unethical practices received have been taken seriously by the Board and investigated and action taken if required.

The Code of Conduct is available on the Company's website.

CORPORATE GOVERNANCE STATEMENT

PRINCIPLE 4

Safeguard integrity in corporate reporting

Recommendation 4.1

The board of a listed entity should:

- (a) have an audit committee which:
 - (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and
 - (2) is chaired by an independent director who is not the chair of the board;and disclose:
 - (3) the charter of the committee;
 - (4) the relevant qualifications and experience of the members of the committee; and
 - (5) 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
- (b) 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 external auditor and the rotation of the audit engagement partner.

Disclosure

The Board is committed to following Recommendation 4.1 and has established an Audit Committee. This Committee is responsible for, amongst other things, appointing the Company's external auditors and overseeing the integrity of the Company's financial reporting systems and financial statements.

The Committee consists of:

- Mr. Kenneth Gross (Chairperson Independent, non-executive director)
- Dr. Marek Dziki (Non-independent, non-executive director)
- Mr. Adam Tomasz Polonek (Non-independent, executive director)

The Committee does not consist entirely of non-executive directors and thus is not compliant with Recommendation 4.1. However, SciGen feels given the composition of the Board and the size of the company that this is the most appropriate composition for an effective Audit Committee.

The Company has also adopted an Audit Committee Charter which is available on the Company's website.

The qualifications of those appointed to the Committee are detailed in the Directors' statement.

The details of the number of meetings of the Audit Committee are disclosed in the Directors' statement.

CORPORATE GOVERNANCE STATEMENT

Recommendation 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 Chief Financial Officer ("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.

Disclosure

The CEO and CFO have made the following certifications in writing to the Board:

- that the Company's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the Group and Company and are in accordance with relevant accounting standards, except for the matters qualified in the auditors' report; and
- that the above statements are founded on a sound system of risk management and internal compliance and control which implement the policies adopted and the Company's risk management and internal compliance and control is operating efficiently and effectively in all material aspects.

Recommendation 4.3

A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.

Disclosure

In terms of an external audit, a formal invitation has been extended by the Board to the audit partner of Deloitte & Touche LLP to attend the AGM of the Company and through the Chairperson, will be available to answer questions relating to the conduct of the audit.

PRINCIPLE 5

Make timely and balanced disclosure

Recommendation 5.1

A listed entity should:

- (a) have a written policy for complying with its continuous disclosure obligation under the Listing Rules; and
- (b) disclose that policy or a summary of it.

Disclosure

Consistent with the Board's commitment to improving its disclosure policy, the Board has adopted a Disclosure and Communication Policy, which sets out SciGen's commitment to the objective of promoting investor confidence and the rights of shareholders by:

- complying with the continuous disclosure obligations imposed by law;
- ensuring that company announcements are presented in a factual, clear and balanced way;
- ensuring that all shareholders have equal and timely access to material information concerning SciGen; and
- communicating effectively with shareholders and making it easy for them to participate in general meetings.

The Disclosure and Communication Policy is available on the Company's website. The Corporate Secretary advises the Board on ASX Listing Rules and Guidance Recommendations matters.

CORPORATE GOVERNANCE STATEMENT

PRINCIPLE 6

Respect the rights of security holders

Recommendation 6.1

A listed entity should provide information about itself and its governance to investors via its website.

Disclosure

The Company recognises the rights of its shareholders and other interested stakeholders to have easy access to balanced, understandable and timely information concerning the operations of the Group. The Chief Executive Officer and the Company Secretary will be primarily responsible for ensuring communications with shareholders are delivered in accordance with this strategy and with its current market disclosure policy.

Information concerning the Company and its governance practices available on its website at <http://scigenltd.com/corporate/>.

Recommendation 6.2

A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.

Disclosure

As mentioned above under Recommendation 5.1, the Board has adopted a Disclosure and Communication Policy which supports its commitment to effective communication with its shareholders. In addition, the Company intends to communicate with its shareholders:

- by making timely market announcements;
- by posting relevant information on to its website;
- by inviting shareholders to make direct inquiries to the Company; and
- through the use of general meetings.

Recommendation 6.3

A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.

Disclosure

The Board encourages participation of shareholders at the Annual General Meeting or any other shareholders' meetings to ensure a high level of accountability and identification with the Company's strategy and goals. Shareholders are requested to vote on the appointment and aggregate remuneration of Directors, the granting of options and shares to Directors, issue of shares and changes to the constitution. Other than at AGMs or EGMs, SciGen does not hold any other meetings for shareholders.

Recommendation 6.4

A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.

Disclosure

Shareholders can e-mail the Company and receive updates or answers to specific questions where appropriate.

CORPORATE GOVERNANCE STATEMENT

PRINCIPLE 7

Recognise and manage risk

Recommendation 7.1

The board of a listed entity should:

- (a) have a committee or committees to oversee risk each of which:
 - (1) has at least three members, a majority of whom are independent directors; and
 - (2) is chaired by an independent director;
and disclose
 - (3) the charter of the committee;
 - (4) the members of the committee; and
 - (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; or
- (b) it does not have a risk committee or committee that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.

Disclosure

The Board does not have a specific Risk Committee and thus is not compliant with Recommendation 7.1. However, the Company is committed to its management of risk to protect its employees, assets, earnings, markets, reputation and the environment.

The Board has implemented risk management procedures throughout the Company that aim to identify the sources of risk and loss, quantify the impact of these sources and control and reduce the risk through practical and cost effective control measures. This will continue to be reviewed and enhanced.

In addition, the Company uses risk-financing techniques, including insurance, to reduce the financial impact of any uncontrollable or catastrophic losses.

The Audit Committee of the Board currently accepts the role and responsibility of over-seeing the control of financial risk. The committee ensures that adequate internal controls and risk-financing measures (such as insurance) are in place. These measures provide some protection against financial events.

In terms of more general risk management, managers in each country where the Company employs staff are responsible for conforming to local occupational health and safety requirements. Given the relatively small size of the Company and its geographic diversity it is not considered useful to constitute a formal Risk Management Committee at this point.

Further risk policy development will be undertaken in consultation with the Audit Committee and the Board as appropriate.

Recommendation 7.2

The board or a committee of the board should:

- (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and
- (b) disclose, in relation to each reporting period, whether such a review had taken place.

Disclosure

The Board has implemented risk management procedures throughout the Company that aim to identify the sources of risk and loss, quantify the impact of these sources and control and reduce the risk through practical and cost effective control measures. This will continue to be reviewed and enhanced.

CORPORATE GOVERNANCE STATEMENT

Recommendation 7.3

A listed entity should disclose:

- (a) if it has an internal audit function, how the function is structured and what role it performs; or
- (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 management and internal control processes.

Disclosure

SciGen does not have an internal audit function due to the present size of the Company.

The Board is responsible for ensuring there are adequate policies in relation to risk oversight and management, and internal control systems. In summary, the Company's policies are designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, addressed and monitored to enable achievement of the Group's business objectives.

Recommendation 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

Disclosure

The Company does not have any material exposure to economic, environmental and social sustainability risks.

PRINCIPLE 8

Remunerate fairly and responsibly

Recommendation 8.1

The board of an entity should:

- (a) have a remuneration committee which:
 - (1) has at least three members, a majority of whom are independent directors; and
 - (2) is chaired by an independent director;and disclose:
 - (3) the charter of the committee;
 - (4) the members of the committee; and
 - (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; or
- (b) 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.

Disclosure

The Remuneration Committee currently consists of the following directors:

- Mr. Marcin Dukaczewski (Non-independent, non-executive);
- Mr. Adam Tomasz Polonek (Non-independent, executive).

CORPORATE GOVERNANCE STATEMENT

The Remuneration Committee should comprise entirely of non-executive directors and be chaired by an independent director. Whilst this is a departure from the recommendation, the Board believes that the new Committee have the requisite knowledge and experience on remunerations in the biopharmaceutical industry.

Until now, the Remuneration Committee was responsible mainly for the review and recommendation of the remuneration of the CEO.

The Remuneration Committee advises the Board on remuneration policies and practices generally, and makes specific recommendations on remuneration packages and other terms of employment for executive and non-executive directors.

During the year, the Remuneration Committee did not meet.

The Company has adopted a Remuneration Committee Charter which is on the Company's website

Recommendation 8.2

A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.

Disclosure

Current remuneration packages of executive directors and senior executives include a balance between fixed and incentive pay. The incentives are payable upon achievement of certain short term and long term objectives. Non-executive directors, if paid, receive a fixed fee.

The twelve months report of the Company contains detailed information of the remuneration of directors and senior executives. This information includes references to share option allocations, if any.

The Remuneration Committee and the Board will review the term of any proposed scheme for the retirement benefits, other than the statutory superannuation, for non-executive directors.

Recommendation 8.3

A listed entity which has an equity-based remuneration scheme should :

- (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
- (b) disclose that policy or a summary of it.

Disclosure

The Company does not have an equity-based remuneration scheme and thus this recommendation does not apply to the Company.

However, trading in the Company's securities is regulated by the Securities and Futures Act (Singapore) and the ASX Listing Rules. The Board makes all directors, officers and employees aware on the appointment that it is prohibited to trade in the Company's securities whilst that director, officer or employee is in the possession of price-sensitive information.

Directors are required to report to the Company Secretary any movements in their holdings of Company securities, which are reported to the ASX in the required timeframe prescribed by the ASX Listing Rules. The Share Trading Policy can be found on the company website.