

## CORPORATE GOVERNANCE STATEMENT

The Board of Directors (**Board**) of Farmaforce Limited (ABN 95 167 748 843) (**Farmaforce**) is responsible for the corporate governance of Farmaforce. The Board guides and monitors the business of Farmaforce on behalf of its shareholders.

Farmaforce and its Board continue to be fully committed to achieving and demonstrating the highest standards of accountability and transparency in their reporting and see the continued development of Farmaforce's corporate governance policies and practices as fundamental to its successful growth.

The Board has included in its corporate governance policies those matters contained in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd edition) (**ASXCGC Recommendations**), where applicable. However, the Board also recognises that full adoption of the ASXCGC Recommendations may not be practical or provide the optimal result given the circumstances of Farmaforce.

This corporate governance statement is effective as at 28 August 2020. It has been approved by the Board and outlines Farmaforce's corporate governance policies and practices, as adopted by the Board.

ASX Corporate Governance Council's Corporate Governance Principles and Recommendations	Recommendation Followed	Comments by Farmaforce
<p><b>Principle 1: Lay solid foundations for management and oversight</b> <i>A listed entity should establish and disclose the respective roles and responsibilities of its board and management and how their performance is monitored and evaluated.</i></p>		
<p><b>Recommendation 1.1</b> A listed entity should disclose:</p> <p>(a) the respective roles and responsibilities of its board and management; and</p> <p>(b) those matters expressly reserved to the board and those delegated to management.</p>	<p>Yes</p>	<p>The Board has adopted a Board Charter which clearly sets out the way Farmaforce is governed and articulates the division of responsibilities between the Board and the executive team.</p> <p>The Board is responsible for the overall operation and stewardship of Farmaforce and, in particular, is responsible for the long-term growth and profitability of Farmaforce. The Board approves the strategic direction of Farmaforce and oversees and monitors the executive team's performance in delivering Farmaforce's strategic plans. The Board Charter was most recently amended on 15 July 2015 and is reviewed by the Board from time to time. A copy of the Board Charter is available at <a href="https://farmaforce.com.au/corporate-governance/">https://farmaforce.com.au/corporate-governance/</a>.</p> <p>The Board has established two Committees. They are:</p> <ul style="list-style-type: none"> <li>the Audit and Risk Committee (<b>A&amp;R Committee</b>); and</li> <li>the Remuneration and Nomination Committee (<b>R&amp;N Committee</b>).</li> </ul> <p><u>Delegation to the executive team</u></p> <p>The Board has delegated to the executive team responsibility for implementing Farmaforce's strategic direction and for the general and overall management of Farmaforce.</p>

ASX Corporate Governance Council's Corporate Governance Principles and Recommendations	Recommendation Followed	Comments by Farmaforce
<p><b>Recommendation 1.2</b></p> <p>A listed entity should:</p> <p>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</p> <p>(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.</p>	Yes	<p>Prior to appointing a Director or putting forward a new candidate for election, appropriate screening checks are undertaken, including as to the person's criminal history and bankruptcy history.</p> <p>When presenting a Director for re-election, Farmaforce provides shareholders with all material information in Farmaforce's possession relevant to a decision whether or not to elect or re-elect a Director. This includes the candidate or Director's qualifications, areas of expertise and years of experience.</p>
<p><b>Recommendation 1.3</b></p> <p>A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>	Yes	<p>New Directors consent to act as a Director and receive a formal letter of appointment, which sets out their duties and responsibilities, rights, remuneration, entitlements and other terms of their appointment.</p> <p>Each senior executive is employed under a Service Agreement which sets out the terms on which they are employed, including details such as duties and responsibilities, rights, term of employment and remuneration. Each Service Agreement also sets out the circumstances in which the employment of the senior executive may be terminated by either the employer or the senior executive, including details of the notice periods required to be given by either party and the amounts payable to the senior executive in lieu of notice, where applicable.</p>
<p><b>Recommendation 1.4</b></p> <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>	Yes	<p>The Company Secretary is responsible for the operation and management of Farmaforce's secretarial function. The Company Secretary reports to the Chairman (on behalf of the Board) with respect to the proper functioning of the Board. Each member of the Board has access to the Company Secretary. The appointment and removal of the Company Secretary is determined by the Board.</p>
<p><b>Recommendation 1.5</b></p> <p>A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for 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;</p> <p>(b) disclose that policy or a summary of it</p> <p>(c) disclose 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</p>	No – Refer to comments by Farmaforce	<p>Farmaforce's Diversity Policy describes Farmaforce's approach to diversity and inclusion and how these attributes are to be embedded in Farmaforce's culture.</p> <p>Farmaforce is an equal opportunity employer, which employs and promotes on the basis of merit. Farmaforce's Diversity Policy extends beyond gender and recognises the value contributed to the organisation by employing people with varying skills, cultural backgrounds, gender, ethnicity and experience. Farmaforce believes its diverse workforce is the key to its continued growth, improved productivity and performance. Farmaforce does not have measurable objectives in place and therefore does not comply with Recommendation 1.5. However, the Board feels that through being an equal opportunity employer that employs and promotes on the basis of merit, Farmaforce is already achieving gender diversity within the organisation as a whole, as reflected in the following table, presented as at 30 June 2020:</p>

ASX Corporate Governance Council's Corporate Governance Principles and Recommendations	Recommendation Followed	Comments by Farmaforce														
<p>progress towards achieving them, and either:</p> <p>(i) 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</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>		<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 80%;"></th> <th style="width: 20%; text-align: center;">Proportion of Women</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Board</td> <td style="text-align: center;">0%</td> </tr> <tr> <td style="text-align: center;">Whole organisation (excluding board)</td> <td style="text-align: center;">47%</td> </tr> <tr> <td style="text-align: center;">Sales team</td> <td style="text-align: center;">45%</td> </tr> <tr> <td style="text-align: center;">Management</td> <td style="text-align: center;">67%</td> </tr> <tr> <td style="text-align: center;">Other</td> <td style="text-align: center;">0%</td> </tr> <tr> <td style="text-align: center;">Senior executives</td> <td style="text-align: center;">0%</td> </tr> </tbody> </table> <p>During the subsequent reporting period, the Board will consider whether it is necessary or appropriate to make a further appointment to the Board.</p> <p>Farmaforce's Diversity Policy is published on Farmaforce's website at <a href="https://farmaforce.com.au/corporate-governance/">https://farmaforce.com.au/corporate-governance/</a>.</p>		Proportion of Women	Board	0%	Whole organisation (excluding board)	47%	Sales team	45%	Management	67%	Other	0%	Senior executives	0%
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Senior executives	0%															
<p><b>Recommendation 1.6</b></p> <p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	Yes	<p><u>Evaluation of Board and individual Directors</u></p> <p>As provided in the Board Charter and the R&amp;N Committee Charter, the R&amp;N Committee has developed a process for periodically evaluating the performance of the Board and its Committees. Farmaforce's policies provide for the Board to regularly review its own performance and the performance of individual Directors.</p> <p>An independent review of the performance of the Board may be conducted from time to time.</p> <p>As at the end of the reporting period, Farmaforce has not conducted a performance evaluation in relation to the reporting period. The Board conducts a performance evaluation from time to time.</p>														
<p><b>Recommendation 1.7</b></p> <p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	Yes	<p>The performance of senior executives is reviewed against specific measurable and qualitative indicators set out in the relevant executive's Service Agreement, which may include:</p> <ul style="list-style-type: none"> <li>• Financial measure of Farmaforce's performance;</li> <li>• Achievement of strategic objectives; and</li> <li>• Achievement of key operational targets.</li> </ul> <p>During the reporting period, performance evaluations of the senior executives were undertaken by Farmaforce in accordance with these processes.</p>														

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<p><b>Principle 2: Structure the board to add value</b></p> <p><i>A listed entity should have a board of an appropriate size, composition, skills and commitment to enable it to discharge its duties effectively.</i></p>		
<p><b>Recommendation 2.1</b></p> <p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p style="padding-left: 20px;">(i) has at least three members, a majority of whom are independent directors; and</p> <p style="padding-left: 20px;">(ii) is chaired by an independent director, and disclose:</p> <p style="padding-left: 20px;">(iii) the charter of the committee</p> <p style="padding-left: 20px;">(iv) the members of the committee</p> <p style="padding-left: 20px;">(v) 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 enable it to discharge its duties and responsibilities effectively.</p>	<p>No – Refer to comments by Farmaforce</p>	<p>The Board has established a Remuneration and Nomination Committee (<b>R&amp;N Committee</b>). During the reporting period, the R&amp;N Committee was comprised of Mr George Elias, Mr Con Tsigounis and Mr Harry Simeonidis, each of whom is considered by the Board to currently be a non-executive Director. Mr Simeonidis is considered by the Board to have ceased to be an executive Director on 31 December 2019. Mr Elias is the Chair of the R&amp;N Committee and is considered by the Board to be an independent Director. Mr Tsigounis and Mr Simeonidis are not considered by the Board to be independent Directors.</p> <p>Effective 28 August 2020, Mr Tsigounis will be replaced on the R&amp;N Committee by Dr George Syrmalis. Dr Syrmalis is the Chief Executive Officer of Farmaforce's majority shareholder, The iQ Group Global Ltd, and from 1 January 2020, Dr Syrmalis has been employed as Chief Executive Officer of Farmaforce. Dr Syrmalis is considered by the Board to be an executive Director. Dr Syrmalis is not considered by the Board to be an independent Director.</p> <p>The R&amp;N Committee does not currently have a majority of independent Directors and therefore does not comply with Recommendation 2.1. Given the size of Farmaforce, however, the Board is confident that the R&amp;N Committee has the breadth of experience necessary to fulfill its responsibilities in relation to Board succession planning, ensuring effective induction and continuing professional development programs for Directors and making recommendations to the Board regarding the composition of the Board, as set out in the R&amp;N Committee Charter.</p> <p>A copy of the R&amp;N Committee Charter is available at <a href="https://farmaforce.com.au/corporate-governance/">https://farmaforce.com.au/corporate-governance/</a>.</p> <p>The number of times the R&amp;N Committee has met during the reporting period and attendance by members at such meetings is disclosed on page 8 of Farmaforce's Annual Report for the year ended 30 June 2020.</p>
<p><b>Recommendation 2.2</b></p> <p>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.</p>	<p>No – Refer to comments by Farmaforce</p>	<p>Farmaforce seeks to ensure that the Board has a broad range of commercial and other skills, experiences and knowledge relevant to overseeing Farmaforce's business.</p> <p>While the Board does not have a formal board skills matrix and therefore does not comply with Recommendation 2.2, the Board does have regard to the existing skill sets of Directors and the interplay of a candidate's experience with the experience of other Directors when considering new appointments. The R&amp;M Committee is also responsible for identifying, assessing and developing and implementing plans to enhance Director competencies from time to time.</p>

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<p><b>Recommendation 2.3</b></p> <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, association 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 nature of the interest, position, association 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>	Yes	<p>Farmaforce considers a Director to be independent if the Director is a non-executive Director who is not employed in an executive capacity and has no interest, position, relationships or associations that could materially interfere with the exercise of their unfettered and independent judgement.</p> <p>Mr George Elias is considered by the Board to be an independent Director.</p> <p>The length of service of each Director is as follows:</p> <ul style="list-style-type: none"> <li>• Mr George Elias, 5 years and 4 months;</li> <li>• Dr George Syrmalis, 4 year and 9 months;</li> <li>• Mr Con Tsigounis, 5 years and 1 months; and</li> <li>• Mr Harry Simeonidis, 3 years and 1 month.</li> </ul>
<p><b>Recommendation 2.4</b></p> <p>A majority of the board of a listed entity should be independent directors.</p>	No – Refer to comments by Farmaforce	<p>The Board is comprised of four members (Mr George Elias, Mr Con Tsigounis, Dr George Syrmalis and Mr Harry Simeonidis) and has a majority of non-executive Directors. Mr Elias is considered by the Board to be an independent Director. Mr Tsigounis is a nominee Director of Farmaforce's majority shareholder, The iQ Group Global Ltd (formerly iQnovate Ltd), and is not considered by the Board to be an independent Director. Dr Syrmalis is the Chief Executive Officer of Farmaforce's majority shareholder, The iQ Group Global Ltd, and from 1 January 2020, Dr Syrmalis has been employed as Chief Executive Officer of Farmaforce. Dr Syrmalis is not considered by the Board to be an independent Director. Mr Simeonidis is considered by the Board to have ceased to be an executive Director on 31 December 2019. Mr Simeonidis is not considered by the Board to be an independent Director.</p> <p>Farmaforce does not have a majority of independent Directors and therefore does not comply with Recommendation 2.4. However, as each of the Directors is required at all times to act in accordance with legal and statutory requirements and to discharge their duties in good faith and in the best interests of Farmaforce and for a proper purpose, the Board considers the composition of the Board to be appropriate in view of the size and complexity of Farmaforce's business.</p>
<p><b>Recommendation 2.5</b></p> <p>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.</p>	Yes	<p>The Chair of the Board, Mr George Elias, is considered by the Board to be an independent, non-executive Director.</p> <p>See comments in respect of Recommendation 2.3 for Farmaforce's definition of an independent Director.</p>

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<p><b>Recommendation 2.6</b></p> <p>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.</p>	Yes	<p>A new Director is offered an induction and training program about Farmaforce, its policies and charters and Director's roles and responsibilities. New Directors also have the opportunity to meet with key management staff.</p> <p>The R&amp;N Committee is responsible for identifying, assessing and developing and implementing plans to enhance Director competencies from time to time. As part of the Board's ongoing review of the Board's own performance and skill sets, the Board provides professional development opportunities for Directors in relation to skill sets relevant to Farmaforce from time to time.</p>
<p><b>Principle 3: Act Ethically and responsibly</b></p> <p><i>A listed entity should act ethically and responsibly.</i></p>		
<p><b>Recommendation 3.1</b></p> <p>A listed entity should:</p> <p>(a) have a code of conduct for its directors, senior executives and employees; and</p> <p>(b) disclose that code or a summary of it.</p>	Yes	<p>The Board insists on the highest ethical standards from all officers and employees of Farmaforce and is conscious to ensure appropriate corporate professional conduct at all times. As such, the Board has adopted a Code of Conduct to provide a set of guiding principles which must be observed by all Directors, senior executives and employees of Farmaforce.</p> <p>A copy of the Code of Conduct is available at <a href="https://farmaforce.com.au/corporate-governance/">https://farmaforce.com.au/corporate-governance/</a>.</p>
<p><b>Principle 4: Safeguard integrity in corporate reporting</b></p> <p><i>A listed entity should have formal and rigorous processes that independently verify and safeguard the integrity of its corporate reporting.</i></p>		
<p><b>Recommendation 4.1</b></p> <p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(i) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the relevant qualifications and experience of the members of the committee; and</p> <p>(v) in relation to each reporting period, the number of times the committee met throughout the period and</p>	No – Refer to comments by Farmaforce	<p>The Board has established an Audit and Risk Committee (<b>A&amp;R Committee</b>) to provide assistance to the Board. The A&amp;R Committee is currently comprised of Mr Elias, Mr Tsigounis and Mr Harry Simeonidis, each of whom is considered by the Board to currently be a non-executive Director. Mr Simeonidis is considered by the Board to have ceased to be an executive Director on 31 December 2019. Mr Elias is the Chair of the A&amp;R Committee and is considered by the Board to be an independent Director. Mr Tsigounis and Mr Simeonidis are not considered by the Board to be independent Directors.</p> <p>The A&amp;R Committee does not have a majority of independent Directors and therefore does not comply with Recommendation 4.1. However, the Board considers that the composition of the A&amp;R Committee is appropriate in view of the size and complexity of Farmaforce's business.</p> <p>During the subsequent reporting period, the Board will continue considering whether it is necessary or appropriate to make a further appointment to the A&amp;R Committee.</p> <p>A copy of the A&amp;R Committee Charter is available at <a href="https://farmaforce.com.au/corporate-governance/">https://farmaforce.com.au/corporate-governance/</a>.</p>

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<p>the individual attendances of the members at those meetings; or</p> <p>(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 the external auditor and the rotation of the audit engagement partner.</p>		<p>The qualifications and experience of the members of the A&amp;R Committee, the number of times the A&amp;R Committee has met during the reporting period and attendance by members at such meetings is disclosed on pages 6-8 of Farmaforce's Annual Report for the year ended 30 June 2020.</p>
<p><b>Recommendation 4.2</b></p> <p>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.</p>	Yes	<p>Prior to the financial statements for a financial year being presented to the Board for its approval, and in addition to the role of the A&amp;R Committee in reviewing and reporting on the financial statements, the Chief Executive Officer and Chief Financial Officer provide the Board with a declaration that, in their opinion, the financial records of Farmaforce have been properly maintained in accordance with the Corporations Act, that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of Farmaforce, and that such opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>
<p><b>Recommendation 4.3</b></p> <p>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.</p>	Yes	<p>Farmaforce will seek to ensure that the auditor attends each annual general meeting (<b>AGM</b>) of Farmaforce and is available to answer shareholder questions about the conduct of the audit and preparation and content of the Auditor's Report.</p>
<p><b>Principle 5: Make timely and balanced disclosure</b></p> <p><i>A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.</i></p>		
<p><b>Recommendation 5.1</b></p> <p>A listed entity should:</p> <p>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</p> <p>(b) disclose that policy or a summary of it.</p>	Yes	<p>Farmaforce has adopted a Continuous Disclosure Policy to ensure that Farmaforce effectively discharges its disclosure obligations in compliance with the Listing Rules in order to keep the market informed of events and developments relating to Farmaforce and its affairs.</p> <p>A copy of Farmaforce's Continuous Disclosure Policy is available at <a href="https://farmaforce.com.au/corporate-governance/">https://farmaforce.com.au/corporate-governance/</a>.</p>

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<p><b>Principle 6: Respect the rights of security holders</b></p> <p><i>A listed entity should respect the rights of its security holders by providing them with appropriate information and facilities to allow them to exercise those rights effectively.</i></p>		
<p><b>Recommendation 6.1</b></p> <p>A listed entity should provide information about itself and its governance to investors via its website.</p>	Yes	<p>Farmaforce's website contains information about Farmaforce which may assist an investor in making an informed decision about Farmaforce.</p> <p>Information regarding Farmaforce's corporate governance and associated policies is available at <a href="https://farmaforce.com.au/corporate-governance/">https://farmaforce.com.au/corporate-governance/</a>. Links to copies of Farmaforce's financial statements, ASX announcements and other relevant materials are also included on Farmaforce's website at <a href="https://farmaforce.com.au/">https://farmaforce.com.au/</a>.</p>
<p><b>Recommendation 6.2</b></p> <p>A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.</p>	Yes	<p>Farmaforce has established a shareholder Communications Strategy and takes appropriate measures to keep shareholders informed about its activities. A copy of Farmaforce's Communications Strategy is available at <a href="https://farmaforce.com.au/corporate-governance/">https://farmaforce.com.au/corporate-governance/</a>.</p> <p>Farmaforce communicates with its shareholders through its annual report, disclosures to the ASX, at the AGM and via Farmaforce's website. In addition, shareholders have the opportunity to elect to receive relevant documentation electronically from Farmaforce, via Farmaforce's Registry and can communicate with Farmaforce via email. Farmaforce also responds to queries from shareholders from time to time, where appropriate.</p> <p>Through various means of communication, Farmaforce aims to provide shareholders with a clear and balanced understanding of the aims and objectives of Farmaforce. Information regarding Farmaforce's corporate governance and associated policies is available at <a href="https://farmaforce.com.au/corporate-governance/">https://farmaforce.com.au/corporate-governance/</a>.</p> <p>All shareholders have the opportunity to attend the AGM and submit questions.</p>
<p><b>Recommendation 6.3</b></p> <p>A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.</p>	Yes	<p>Shareholders are encouraged to attend and participate in the AGM and other meetings of shareholders. Farmaforce seeks to ensure that meetings are held during normal business hours and at a location considered to be most convenient for the greatest possible number of shareholders to attend. The full text of notices and accompanying materials will be included on Farmaforce's website. Information will be presented in a clear and concise manner designed to provide shareholders and the market with timely and accurate information.</p> <p>At the AGM held during the reporting period, the Chairman adopted the process of addressing any relevant questions from shareholders. In addition, Farmaforce ensured that Farmaforce's auditor attended the AGM and any other meetings of Farmaforce's shareholders and that shareholders were afforded the opportunity to ask Farmaforce's auditor questions regarding the conduct of the audit and preparation and content of the Auditor's Report.</p>



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<p><b>Recommendation 6.4</b></p> <p>A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.</p>	Yes	<p>Farmaforce encourages its shareholders to receive communications from it and its share registry electronically, via the ASX platform and its website at <a href="https://farmaforce.com.au/corporate-governance/">https://farmaforce.com.au/corporate-governance/</a>.</p>
<p><b>Principle 7: Recognise and manage risk</b></p> <p><i>A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.</i></p>		
<p><b>Recommendation 7.1</b></p> <p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p style="padding-left: 20px;">(i) has at least three members, a majority of whom are independent directors; and</p> <p style="padding-left: 20px;">(ii) is chaired by an independent director, and disclose</p> <p style="padding-left: 20px;">(iii) the charter of the committee</p> <p style="padding-left: 20px;">(iv) the members of the committee; and</p> <p style="padding-left: 20px;">(v) 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 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>	No – Refer to comments by Farmaforce	<p>The Board has overall responsibility of ensuring that there is a sound system of risk management and internal controls across Farmaforce's business. Due to the size of Farmaforce and the scale of operations of its business, Farmaforce does not have a separate Risk Committee, but rather a combined Audit and Risk Committee (<b>A&amp;R Committee</b>).</p> <p>The A&amp;R Committee is currently comprised of Mr Elias, Mr Tsigounis and Mr Harry Simeonidis, each of whom is considered by the Board to currently be a non-executive Director. Mr Simeonidis is considered by the Board to have ceased to be an executive Director on 31 December 2019. Mr Elias is the Chair of the A&amp;R Committee and is considered by the Board to be an independent Director. Mr Tsigounis and Mr Simeonidis are not considered by the Board to be independent Directors.</p> <p>The A&amp;R Committee does not have a majority of independent Directors and therefore does not comply with Recommendation 4.1. However, the Board considers that the composition of the A&amp;R Committee is appropriate in view of the size and complexity of Farmaforce's business.</p> <p>During the subsequent reporting period, the Board will continue considering whether it is necessary or appropriate to make a further appointment to the A&amp;R Committee.</p> <p>The Board has charged the A&amp;R Committee with assisting the Board in carrying out its risk oversight, including by supervising the effectiveness of Farmaforce's system of risk management. The Board has delegated to the A&amp;R Committee responsibility for the identification, assessment and management of risks through appropriate systems of monitoring and control.</p> <p>A copy of the A&amp;R Committee Charter is available at <a href="https://farmaforce.com.au/corporate-governance/">https://farmaforce.com.au/corporate-governance/</a>.</p> <p>The number of times the Committee has met during the reporting period and attendance by members at such meetings is disclosed on page 8 of Farmaforce's Annual Report for the year ended 30 June 2020.</p>

ASX Corporate Governance Council's Corporate Governance Principles and Recommendations	Recommendation Followed	Comments by Farmaforce
<p><b>Recommendation 7.2</b></p> <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</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p style="text-align: center;">Yes</p>	<p>The Board of Farmaforce retains overall responsibility for Farmaforce's Risk Management Policy and Framework and is supported in this role by the work of the A&amp;R Committee. As confirmed in the Risk Management Policy and Framework, the Board understands that the management of risk is a continuous process and an integral part of good business management and corporate governance. Farmaforce operates within the services sector and is therefore exposed to a range of risks, which include (but are not limited to) market, operational, regulatory and reputational risks.</p> <p>The A&amp;R Committee plays a key role in the co-ordination and continued improvement of the Risk Management Policy and Framework. The Risk Management Policy and Framework has been designed to allow the Board to oversee the risk management process with assistance from the A&amp;R Committee and management. The Board is responsible for setting Farmaforce's risk appetite and ensuring that the Board regularly reviews the risk profile for Farmaforce's business.</p> <p>During the reporting period, the A&amp;R Committee has considered and reported to the Board on a review of Farmaforce's Risk Management Policy and Framework. Both the A&amp;R Committee and the Board are satisfied that the Risk Management Policy and Framework in respect of Farmaforce is sound.</p>
<p><b>Recommendation 7.3</b></p> <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 management and internal control processes.</p>	<p style="text-align: center;">Yes</p>	<p>Farmaforce does not currently have an internal audit function. At present, Farmaforce has comprehensive processes in place for evaluating and continually improving the effectiveness of its Risk Management Policy and Framework and its internal control process. See comments in respect of Recommendation 7.2 above for further details.</p> <p>The Board has overall responsibility for the Risk Management Policy and Framework. The A&amp;R Committee provides assistance to the Board in fulfilling its oversight responsibility for risk management and provides reports to the Board in respect of the risk profile of Farmaforce.</p> <p>During the reporting period, the A&amp;R Committee has considered and reported to the Board on a review of Farmaforce's Risk Management Policy and Framework. Both the A&amp;R Committee and the Board are satisfied that the Risk Management Policy and Framework in respect of Farmaforce is sound.</p> <p>The Board receives an annual assurance from the Chief Executive Officer and the Chief Financial Officer that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.</p>

ASX Corporate Governance Council's Corporate Governance Principles and Recommendations	Recommendation Followed	Comments by Farmaforce
<p><b>Recommendation 7.4</b></p> <p>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.</p>	Yes	<p>The Board does not believe that Farmaforce has any material exposure to economic, environmental or social sustainability risk that it has not mitigated to the extent reasonably practicable.</p> <p>The Board is responsible for managing the risks to which Farmaforce is subject. See comments in respect of Recommendations 7.2 and 7.3 for further details on risk management.</p> <p>Farmaforce is exposed to ordinary business and economic risks in the ordinary course of business.</p>
<p><b>Principle 8: Remunerate fairly and responsibly</b></p> <p><i>A listed entity should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders.</i></p>		
<p><b>Recommendation 8.1</b></p> <p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p style="margin-left: 20px;">(i) has at least three members, a majority of whom are independent directors; and</p> <p style="margin-left: 20px;">(ii) is chaired by an independent director, and disclose</p> <p style="margin-left: 20px;">(iii) the charter of the committee</p> <p style="margin-left: 20px;">(iv) the members of the committee; and</p> <p style="margin-left: 20px;">(v) 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 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>	No – Refer to comments by Farmaforce	<p>The Board has established a Remuneration and Nomination Committee (<b>R&amp;N Committee</b>) to assist and advise the Board on remuneration and recruitment policies and practices.</p> <p>During the reporting period, the R&amp;N Committee was comprised of Mr George Elias, Mr Con Tsigounis and Mr Harry Simeonidis, each of whom is considered by the Board to currently be a non-executive Director. Mr Simeonidis is considered by the Board to have ceased to be an executive Director on 31 December 2019. Mr Elias is the Chair of the R&amp;N Committee and is considered by the Board to be an independent Director. Mr Tsigounis and Mr Simeonidis are not considered by the Board to be independent Directors.</p> <p>Effective 28 August 2020, Mr Tsigounis will be replaced on the R&amp;N Committee by Dr George Syrmalis. Dr Syrmalis is the Chief Executive Officer of Farmaforce's majority shareholder, The iQ Group Global Ltd, and from 1 January 2020, Dr Syrmalis has been employed in an executive capacity as Chief Executive Officer of Farmaforce. Dr Syrmalis is considered by the Board to be an executive Director. Dr Syrmalis is not considered by the Board to be an independent Director.</p> <p>The R&amp;N Committee does not currently have a majority of independent Directors and therefore does not comply with Recommendation 8.1. Given the size of Farmaforce, however, the Board is confident that the R&amp;N Committee has the breadth of experience necessary to fulfill its responsibilities in relation to reviewing and making recommendations to the Board regarding the remuneration framework and remuneration policies and practices, as set out in the R&amp;N Committee Charter.</p> <p>During the subsequent reporting period, the Board will consider whether it is necessary or appropriate to make a further appointment to the R&amp;N Committee.</p> <p>A copy of the R&amp;N Committee Charter is available at <a href="https://farmaforce.com.au/corporate-governance/">https://farmaforce.com.au/corporate-governance/</a>.</p> <p>The qualifications and experience of the members of the R&amp;N Committee, the number of times the Committee has met during the reporting period and attendance by members at such meetings is disclosed on pages 6-8 of Farmaforce's Annual Report for the year ended 30 June 2020.</p>

ASX Corporate Governance Council's Corporate Governance Principles and Recommendations	Recommendation Followed	Comments by Farmaforce
<p><b>Recommendation 8.2</b></p> <p>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.</p>	Yes	<p>Details of the remuneration practices and the level of remuneration paid to Directors and key management personnel is set out in the Remuneration Report found in Farmaforce's Annual Report for the year ended 30 June 2020.</p>
<p><b>Recommendation 8.3</b></p> <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>	No – Refer to comments by Farmaforce	<p>Farmaforce has in place an equity-based Employee Share Plan, a copy of which was lodged with the ASX on 23 October 2015. In addition, a summary of the terms of the Plan were detailed in Farmaforce's prospectus dated 10 August 2015. Pursuant to Farmaforce's Security Trading Policy (a copy of which was lodged with the ASX on 23 October 2015), Directors and key management personnel holding shares under the Employee Share Plan may not deal (including sell, create a security interest in or otherwise dispose of) with those securities without the prior written consent of Farmaforce.</p> <p>Farmaforce has no 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 Plan.</p>