



# CORPORATE GOVERNANCE STATEMENT

Incannex Healthcare’s governance practices guide the Company and its controlled entities’ activities and decision-making to ensure the Company meets stakeholder expectations of sound corporate governance and continuous improvement in company performance.

This corporate governance statement reviews the Company’s corporate governance practices against the ASX Corporate Governance Principles and Recommendations – 4th Edition (**Corporate Governance Principles**). All these practices, unless otherwise stated, were in place as at 24 January 2022.

The Corporate Governance Principles are as follows:

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

Given the differences in size, complexity, history and culture of listed companies, the Corporate Governance Principles adopt an “if not, why not” approach to compliance and disclosure, requiring companies to explain the reasons for any departure from the Corporate Governance Principles recommendations. These explanations are included in section 9 of this statement.

Specific corporate governance policies of the Group are detailed on the Company’s investor website under the 'Investor Centre' tab, at <https://www.incannex.com.au/investors/>. In this statement Incannex Healthcare and its controlled entities together are referred to as the “Group” or “Company”

## PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

### 1.1) Board Charter and roles and responsibilities

The Board has adopted a Board Charter establishing corporate governance roles and responsibilities within the Group.

Under its Charter, the Board is ultimately responsible to the Company's shareholders for all matters related to the running of the Company. The Board's role is to govern the Company rather than to manage it, with the role of Senior Executives and Management to manage the company in accordance with the direction and delegations of the Board.

In general, the Board is responsible for overseeing all policies, practices, management, and operations of the Company, including corporate reporting systems, risk management, remuneration frameworks, governance issues, succession planning, and stakeholder communications. The Board also takes decisions regarding matters of fundamental importance to the Group.

The Board's focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Group is properly managed. Management is directly accountable to the Board to deliver timely, accurate, and relevant information to enable the Board to perform its responsibilities. Management is also responsible for operating within the relevant directives and the risk appetite established by the Board whilst supporting the Managing Director in executing day-to-day operations.

The respective roles and responsibilities of the Board include:

- ❖ providing strategic guidance to the Group, including contributing to the development of and approving the corporate strategy reviewing and approving business plans, the budget, financial plans, and major capital expenditure initiatives
- ❖ overseeing and monitoring:
  - a) organisational performance and the achievement of the Group's strategic goals and objectives
  - b) progress of major capital expenditures and other significant corporate projects including any acquisitions or divestments or clinical trials
  - c) financial performance including approval of the annual and half-year financial reports and liaison with the Group's auditors; and
  - d) effectiveness of the Group's governance policies and procedures
- ❖ appointment, performance assessment and, if necessary, removal of the Managing Director
- ❖ ratifying the appointment and/or removal and contributing to the performance assessment of members of the Senior Executive team including the CFO, Chief Operating Officer and Company Secretary
- ❖ ensuring there are effective management processes in place and approving major corporate initiatives enhancing and protecting the reputation of the Group
- ❖ overseeing the operation of the Group's system for compliance and risk management reporting to shareholders
- ❖ ensuring appropriate resources are available to the Senior Executive

### Board composition

During the reporting period and as of 30 June 2021 the Board comprised the following Directors:

Mr Troy Valentine	Independent, Non-Executive Director and Chair
Dr Sud Agarwal	Non-Independent, Non-Executive Director
Mr Joel Latham	Managing Director & CEO
Mr Peter Widdows	Independent Non-Executive Director

The Board includes three Independent Non-Executive Directors who bring a fresh perspective to the Board's consideration of strategic, risk and performance matters.

The Board seeks to ensure that:

- ❖ its membership represents an appropriate balance between Directors with experience and knowledge of the Group and Directors with an external or fresh perspective
- ❖ the size of the Board is appropriate to the size and operations of the Company

Details of the members of the Board, including their experience and qualifications, matters affecting their independence (if any) and their independent status are set out in “About Us > Management Team” section of the Company’s website. [www.incannex.com.au](http://www.incannex.com.au)

## Role of the Chair

The Chair is responsible for leading the Board, and for utilising their experience, skills and leadership abilities to facilitate the governance process. The Chair’s focus is on ensuring that the Board and the Managing Director act in an ethical manner with strong values to support the governance principles of the Group.

## Role of the Managing Director

The Managing Director is generally responsible for the pursuit of the Company’s goals and vision in accordance with the strategies, policies, programs and performance requirements approved by the Board.

The Managing Director’s specific responsibilities include:

- ❖ developing the Company’s vision, values and goals
- ❖ responsibility for achievement of corporate goals and objectives
- ❖ developing the Company’s ongoing corporate strategy with the Board
- ❖ implementing and monitoring strategy and reporting to the Board
- ❖ advising the Board on the most effective organisational structure and implementation
- ❖ undertaking the role of Company spokesperson and ensuring legal and regulatory compliance and compliance with corporate policies and standards
- ❖ ensuring the implementation of appropriate risk management practices and policies

The Managing Director is also required to be present at meetings of the various committees of the Board that meet from time to time.

The Managing Director reports directly to the Board.

## Role of Management

Management’s role and responsibilities include:

- ❖ daily management of the Group’s affairs and
- ❖ implementation of Group strategy as directed by the Board
- ❖ handling day-to-day commitments conforming to the Group’s framework, relevant laws and regulations
- ❖ implementing and monitoring risk management
- ❖ negotiation of contracts, agreements and other documentation
- ❖ supervising of operations conducted at project sites analysis of cannabis industry trends

## 1.2) Appointment and re-election of Directors

The Board’s policy is that the majority of Directors shall be independent, non-executive directors at a time when the size of the Company and its activities warrant such a structure. This will ensure that all Board discussions have the benefit of outside views and experiences, and the majority of Directors will be free of any interests or influences that could interfere with the Director’s ability to act in the best interests of the Company.

The Company reviews the composition of the Board whenever a new Director is to be appointed to ensure a diverse and necessary range of skills, experience and expertise is developed and maintained. The Remuneration and Nomination Committee identifies and short-lists candidates with appropriate skills and experience, taking advice from independent consultants where appropriate. The Company undertakes substantial background checks of a shortlisted candidates, including determination of whether the selected candidate is a Fit and Proper Person under the Narcotic Drugs Act 1967. Directors are initially appointed by the full Board, subject to Office of Drug Control approval and election by shareholders at the next Annual General Meeting. The Company’s constitution provides that the number of Directors shall not be less than three.

A Director must not hold office without re-election past the third Annual General Meeting following the Director’s appointment or last election, or more than 3 years, whichever is the longer, and there must be an election of Directors at each Annual General Meeting of the Company. The Company provides shareholders with all material information on whether they support the re-election.

### 1.3) Terms of Director appointment

The Company appoints Non-Executive Directors under formal letters of appointment setting out:

- ❖ the role and expectations for the position including committee work and other duties
- ❖ expected time commitment
- ❖ remuneration and expenses
- ❖ outside interest disclosure
- ❖ disclosure of information and personal interests in securities
- ❖ access to independent advice; and
- ❖ indemnity and insurance arrangements

Executive Directors are employed pursuant to employment agreements setting out the information above as well as:

- ❖ circumstances giving rise to termination
- ❖ entitlements on termination
- ❖ non-compete restrictions

Directors have the right, in connection with their duties and responsibilities as members of the Board and Committees, to seek independent professional advice at the Company's expense. Prior written approval of the Chair is required such approval not to be unreasonably withheld, with the Company reimbursing the Director for the reasonable expense of obtaining the advice.

### 1.4) Role of the Company Secretary

The Company Secretary is responsible for:

- ❖ advising and supporting the Chairman and the Board and its Committees to manage the day-to-day governance framework of the Company
- ❖ assisting with Board effectiveness by monitoring whether applicable Board and Committee policies, procedures and charters are followed and
- ❖ coordinating the timely completion and despatch of Board agendas and papers; and
- ❖ assisting with all matters to do with the proper functioning of the Board including advising on governance matters and assisting with induction and professional development of Directors

### 1.5) Diversity policy summary

The Company recognises the benefits arising from employee and Board diversity, which includes access to a broader pool of high-quality employees, improving employee retention, accessing different perspectives and ideas, and benefiting from available talent. For the purposes of the Company Diversity Policy, diversity includes but is not limited to matters of gender, age, ethnicity, and cultural background.

The Company has established a diversity policy which is designed to achieve, among other things, a diverse and skilled workforce, workplace culture characterised by inclusive practices and behaviours for the benefit of all staff; improved employment and career development opportunities for women; and a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives through improved awareness of the benefits of workforce diversity and successful management of diversity. The Company's diversity policy is reviewed annually.

The Company has adopted the following specific diversity targets for the Board, senior management and employees:

PERSONNEL	DIVERSITY TARGET	TARGET TIME-FRAME
Directors	≥20% female	By 30 June 2023
Senior Executives	50% female, 50% male	By 30 June 2023
Employees	50% female, 50% male	By 30 June 2023

At the date of this Corporate Governance Statement, the proportion of women in the Group is:

Directors	Senior Executives	Employees
0%	33%	40%

The Company's Diversity Policy will be available in the Governance section of the Company's investor website.

## 1.6) Board and Committee performance assessment

The Company has an evaluation process for the Board and its Committees as set out in the Board Charter.

The Board Charter requires an annual review of its Board, Committees and individual Directors to be conducted by the Remuneration and Nomination Committee.

The review is based on goals established by the Company. Measurement of performance against these goals is reviewed in a dedicated meeting, from which a series of actions and goals are developed to guide improvement. The Chair also provides confidential feedback to individual Directors on their performance on an ongoing basis.

The Board sets expectations for the Committees after considering the Company's current and future needs, with the Remuneration and Nomination Committee reviewing the performance of the Committees against expectations on an annual basis.

Each Committee's structure and membership is also reviewed on an annual basis. The annual evaluation of the Board is done on a calendar year basis and was completed in June 2021. The next evaluation of the Board will be undertaken in June 2022.

## 1.7) Senior Executives performance assessment

The Company sets performance targets for its Senior Executives and their performance is evaluated against these targets. These targets are aligned to overall business goals and Company requirements for the position. An informal assessment of progress is carried out through the year, with a full formal evaluation of the executives conducted annually. Performance pay components of Senior Executive packages are dependent on the outcome of the evaluation.

## 1.8) Management performance assessment

Management are evaluated annually against the budget and relevant key performance indicators.



Limitless  
Potential

## PRINCIPLE 2: STRUCTURE THE BOARD TO BE EFFECTIVE AND ADD VALUE

### 2.1) Board Committees

The Board, given the size of the Company, conducts the roles of a combined Audit and Risk Committee and a combined Remuneration and Nomination Committee. Each Committee has its own charter setting out its role and responsibilities, structure, membership requirements and the way the relevant Committee is to operate, with all matters determined by Committees submitted to the full Board for review and approval.

Additional requirements for specific reporting by the Committees to the Board are addressed in the charter of the individual Committees.

### 2.2) Board Skills Matrix

The Company has adopted the following skills matrix setting out the mix of skills that the Board has or is currently looking to achieve in its membership:

COMPOSITION OF KEY SKILLS AND EXPERIENCES ACROSS THE BOARD		# OF DIRECTORS
Financial and capital markets	<ul style="list-style-type: none"> <li>Accounting expertise</li> <li>Financial acumen</li> <li>Experience with equity capital markets</li> </ul>	3
Risk and Compliance	<ul style="list-style-type: none"> <li>Policy and regulatory awareness</li> <li>Securities law knowledge</li> <li>Understanding of risk management</li> </ul>	2
International markets	<ul style="list-style-type: none"> <li>International corporate and industry relations experience</li> </ul>	4
Leadership/Management	<ul style="list-style-type: none"> <li>Ability to influence others</li> <li>Senior management experience</li> </ul>	4
Marketing & Sales	<ul style="list-style-type: none"> <li>Expertise and understanding of medicinal cannabis marketing and sales</li> </ul>	3
Medical / Pharmaceutical	<ul style="list-style-type: none"> <li>Functional experience in medical or pharmaceutical business</li> </ul>	2

### 2.3) Directors independence and length of service

In determining Director independence, the Board has regard to each of the relationships that may affect independence as set out in Box [2.3] of the Corporate Governance Principles.

In each case, the materiality of the interest, position or relationship is assessed by the Board to determine whether it might interfere, or might reasonably be seen to interfere, with the Director's capacity to bring an independent judgement to bear on issues before the board and to act in the best interest of the entity as a whole rather than in the interests of an individual security holder or other party. The Board assesses Director independence annually.

The Board notes that the mere fact that a director has served on a board for a substantial period does not mean that the director has become too close to management or a substantial holder to be considered independent. The following table shows the Directors' length of service as at 30 June 2021:

	INDEPENDENCE	LENGTH OF SERVICE
Mr Troy Valentine	Assessed as independent	~ 4 year, 1 months
Mr Peter Widdows	Assessed as independent	~ 3 year, 10 months
Mr Joel Latham	Deemed not independent	~ 2 years, 7 month
Dr Sud Agarwal	Deemed not independent	~ 2 years, 7 months

## 2.6) Induction and professional development of Directors.

Pursuant to the Corporate Governance Principles, the majority of the Board of a listed entity should be independent directors.

Currently, the Board consists of four directors, of which only two are independent directors. The Company considers the current Board structure and composition a cost effective and practical method of directing and managing the Company, and as such has not appointed a fifth independent director at this time. As the business grows the Company will evaluate the skills required and consider additional directors.

## 2.4) Majority of Board should be independent Directors

Pursuant to the Corporate Governance Principles, the majority of the Board of a listed entity should be independent directors.

Currently, the Board consists of four directors, of which only two are independent directors. The Company considers the current Board structure and composition a cost effective and practical method of directing and managing the Company, and as such has not appointed a fifth independent director at this time. As the business grows the Company will evaluate the skills required and consider additional directors.

## 2.5) The Chair should be independent.

The Company provides an induction program for new Directors and Senior Executives to ensure they have a full understanding of the Company's financial position, strategy, operations and risk profile. The induction program also identifies the respective rights, duties and roles of the Board and Senior Executive members.

From time to time, the Remuneration and Nomination Committee evaluates the skills and expertise of the Board and Senior Executive to determine whether further professional development is required.

The Chair of the Company is Mr Troy Valentine, an Independent Non-Executive Director.



**PRINCIPLE 3:  
INSTIL A CULTURE OF  
ACTING LAWFULLY,  
ETHICALLY, AND  
RESPONSIBLY**

**3.1) Company should articulate its values**

The Company has identified its key values as Trust, Quality, Innovation, Determination, Imagination and Passion as well as the values identified in its Code of Conduct and other Company policies.

**3.2) Code of Conduct**

The Company has adopted a Code of Conduct which provides a framework for ethical decision-making and actions in relation to the Company's affairs and business. This Code of Conduct underpins the Company's commitment to integrity and fair dealing in its business affairs and to a duty of care to all employees, clients and stakeholders. The Code sets out the principles covering appropriate conduct in a variety of contexts and outlines the minimum standard of behaviour expected from employees, directors and management. The Code is reviewed annually together with the other corporate governance policies of the Company.

The Company's Code of Conduct is available in the Governance section of the Company's investor website.

**3.3) Whistle-blower policy**

The Company's whistle-blower policy has been adopted by the Board to ensure concerns regarding unacceptable conduct including breaches of the Company's Code of Conduct can be raised on a confidential basis, without fear of reprisal, dismissal or discriminatory treatment. The Company is committed to creating and maintaining a culture of corporate compliance and ethical behaviour in which employees are responsible and accountable and behave with honesty and integrity consistent with the Company's values.

A copy of the Company's Whistle-blower policy can be found in the Governance section of the Company's investor website.

**3.4) Anti-bribery and corruption policy**

The Company has a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all business dealings. The Company has adopted an anti-bribery and corruption policy that establishes the responsibilities of employees, executive management, suppliers, consultants, customers and contract staff and provides information and guidance to those working for the Company on how to recognise and deal with bribery and corruption issues.

The Company's Anti-bribery and Corruption policy is available in the Governance section of the Company's investor website.



## PRINCIPLE 4: SAFEGUARD THE INTEGRITY OF CORPORATE REPORTS

### 4.1) Audit and Risk Committee

The Board considers that the Group is not currently of a size, nor are its affairs of such complexity to justify the formation of an audit committee at this time. During the year, the full Board reviews the integrity of the Company's financial reporting and the processes to ensure the independence and competence of the external auditors. The Board currently fulfils the responsibilities which are usually assigned to an audit committee including:

The Audit and Risk Committee is responsible for reviewing the integrity of the Company's financial reporting and overseeing the independence of the external auditors. The main financial reporting and audit responsibilities of the Audit and Risk Committee are to:

- ❖ review the audited annual and half yearly financial statements and any reports which accompany published financial statements before submission to the Board for approval
- ❖ review the appointment of the external auditor, their independence, the audit fee, and any questions of resignation or dismissal
- ❖ review the adequacy of accounting and financial controls together with the implementation of any recommendations of the external auditor in relation thereto
- ❖ consider the appointment of an internal auditor
- ❖ monitor and review the propriety of any related party transactions; and
- ❖ review and approve the level of non-audit services provided by the external auditors and ensure these do not adversely impact on auditor independence

The Audit and Risk Committee has authority, within the scope of its responsibilities, to seek any information it requires from any employee or external party. The Audit and Risk Committee held two meetings during the reporting period.

The Audit and Risk Committee Charter is available in the Governance section of the Company's investor website.

### 4.2) Declaration of record maintenance and financial statements compliance

The Managing Director and CFO have made the following declarations to the Board:

- ❖ that the Company's financial reports are in accordance with relevant accounting standards and give a true and fair view of the financial position and performance of the Company and Group; and
- ❖ that the above declaration has been formed based on a sound system of risk management and internal controls which operates effectively and implements the policies adopted by the Board.

### 4.3) Verification of integrity of corporate report

The Company's Audit and Risk Committee appoints independent external auditors with auditor performance reviewed annually. In 2007, the Company appointed HLB Mann Judd as its external auditor. HLB Mann Judd's policy is to rotate audit engagement partners on listed companies at least every five years.

An analysis of fees paid to the external auditors, including a break-down of fees for non-audit services, is provided in a note to the financial statements. It is the policy of the external auditors to provide an annual declaration of their independence to the Board. The external auditor will attend the Company's Annual General Meeting and be available to answer written shareholder questions submitted prior to the meeting about the conduct of the audit and the preparation and content of the Audit Report.

## PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

### 5.1) Written continuous disclosure policy

The Company has adopted a Continuous Disclosure policy that establishes processes to ensure the continuous disclosure of any information concerning the Group that a reasonable person would expect to have a material effect on the price of the Company's securities.

The Company Secretary has been nominated as the person responsible for communications with the ASX in collaboration with the Executive Director, Disclosure Committee and Board. The Company Secretary is also responsible for ensuring compliance with the ASX continuous disclosure requirements and overseeing and co-ordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

All information disclosed to the ASX is posted on the Company's website as soon as it is disclosed to the ASX. Procedures have also been established for reviewing whether any price sensitive information has been inadvertently disclosed and, if so, this information is also immediately released to the market.

The Company's Continuous Disclosure policy is available in the Governance section of the Company's investor website.

### 5.2) Board receives copies of material market announcements

Under the Company's Continuous Disclosure policy, the Company Secretary is responsible for ensuring all material market announcements released to the ASX are provided to the Board. Currently, the Company's Continuous Disclosure policy also requires all ASX disclosures to be approved by the full Board prior to release.

### 5.3) Disclosure of investor or analyst presentations

The Company's Continuous Disclosure policy requires that any presentation materials used to brief investor or analysts on aspects of the Group's operations are released to the ASX and posted on the Company's website prior to the briefing.



## PRINCIPLE 6: RESPECT THE RIGHTS OF SECURITY HOLDERS

### **6.1) Company information via website**

The Company's website and investor website allows shareholders and stakeholders to gain access to all current information about the Company including the Company's corporate governance policies.

### **6.2) Investor relations**

The Company periodically holds online investor briefings during or prior to which investors are encouraged to ask questions of management. The Company also seeks to provide opportunities for shareholders to participate through electronic means via the Company's website. The website enables shareholders to register their email address for direct email updates. Shareholders are also welcome to make direct contact with the head office on any enquires they may have using the contact details provided on the Company's website.

### **6.3) Shareholder participation**

The Company encourages shareholder participation at General and Annual Meetings. The Company's share registry mails out notices of General Meetings and Annual General Meetings directly to shareholders. In addition, shareholders who have subscribed to email alerts receive an email notification of all meetings and ASX announcements.

### **6.4) Substantive resolutions by poll**

The Company proposes to ensure all substantive resolutions at its General Meetings and Annual General Meetings are conducted by poll. During COVID, the Company required shareholders to attend General Meetings and Annual General Meetings electronically through an online platform as well attend in person, where possible. Shareholders were invited to submit proxy votes prior to the meeting, with shareholders who wish to vote at the meeting invited to submit personalised poll forms by email to the Company Secretary at the appropriate interval during the meeting.

### **6.5) Electronic communications**

The Company actively encourages shareholders to send and receive communications from the Company and its share registry using electronic means. Shareholders wishing to receive electronic notices of meetings and annual reports can select these preferences by accessing the Company's share registry website. The contact details for the Company's registry are listed on the Company's investor website.

## PRINCIPLE 7: RECOGNISE AND MANAGE RISK

### 7.1) Risk committee

The Board currently fulfils the responsibilities which are usually assigned to a risk committee. Senior executives and the Board regularly consider strategic and operational areas of risk for the Group and records any remedial action the Group has taken in the management of those risks.

Under the Audit and Risk Committee charter, the Board is responsible for:

- ❖ assessing the internal processes for determining and managing key risk areas on a quarterly basis
- ❖ ensuring that the Company has an effective risk management system
- ❖ monitoring Management's performance against the Company's risk management framework including whether it is operating within the risk appetite set by the Board
- ❖ developing and maintaining a risk register that identifies the risks to the Company and its operation and assesses the likelihood of their occurrence; and
- ❖ reporting all major risks to the Company to the Board

In summary, the Company's risk management policies are designed to ensure operational, insurance, legal, reputational, cyber disruption, privacy, compliance and financial risks are identified, assessed, effectively and efficiently managed and monitored. The Managing Director and their delegates are charged with implementing appropriate risk systems within the Company based on these policies and guidance from the Audit and Risk Committee.

The Board in its entirety conducted the Audit and Risk Committee function throughout the reporting period:

The Audit and Risk Committee held two meetings during the reporting period.

The Company's Audit and Risk Committee charter and Risk Management policy are available in the Governance section of the Company's investor website.

### 7.2) Review of risk management

The Audit and Risk Committee, together with assistance from the Executive Director and Company Secretary, are responsible for the evaluation and development of the Company's risk management framework and processes.

The Company reviews its key risks and risk management framework on an annual basis or more frequently where additional key risks are identified from time to time. The Company's Audit and Risk Committee undertook its most recent annual review of the Company's risks and risk management framework in June 2021.

### 7.3) Internal audit function

Given the size and maturity of the business and the day-to-day involvement of the Managing Director in the business, there is no internal audit function. Currently, the Board through its Audit and Risk Committee function review and oversee those matters that would ordinarily be the responsibility of an internal audit function. As the business grows the Company will re-assess this position.

### 7.4) Social and environmental risks

The Company does not have any material exposure to environmental or social risks associated with its operations.

## PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

### 8.1) Remuneration and Nomination Committee

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the formation of a remuneration committee. The Board as a whole is responsible for the remuneration arrangements for directors and executives of the Company.

Throughout the reporting period and as at 30 June 2021, the Remuneration and Nomination Committee consisted of the following Directors:

### 8.2) Remuneration policies and practices

In accordance with its charter, the Board through its Remuneration and Nomination Committee function advises the Board on remuneration and incentive policies and practices generally and makes specific recommendations on remuneration packages and other terms of employment for Non-Executive Directors, Executive Directors, other Senior Executives and employees.

The Company agrees employment contracts with each Senior Executive covering a range of matters including their duties, rights, responsibilities and any entitlements on termination.

Further information on Directors and Senior Executive remuneration, including principles used to determine remuneration, is set out in the Remuneration Report which forms part of this annual report.

### 8.3) Transactions which limit economic risk

In accordance with the Group's Securities Trading Policy, participants in equity-based remuneration plans are not permitted to enter into any transactions that would limit the economic risk of performance rights, options or other unvested entitlements.

## PRINCIPLE 9: DEPARTURES FROM THE CORPORATE GOVERNANCE PRINCIPLES RECOMMENDATIONS

This section identifies Company departures from the Corporate Governance Principles recommendations during the reporting period:

DEPARTURE FROM RECOMMENDATION	EXPLANATION
The Board of a listed entity should have an audit committee which has at least three members, all of whom are non-executive directors and a majority of whom are independent directors.	As a consequence of the Board consisting of only two non-executive directors (referred to above), the Company has appointed the entire Board to carry out the role of audit committee and is therefore presently unable to satisfy the requirement for the audit committee members to all be non-executive directors.



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