



INNOVATIVE SCIENCE • REAL VALUE

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2017 Corporate Governance Statement

SciDev Ltd's (SciDev or the Company) Board of Directors is responsible for the corporate governance of the Company and its controlled entities. Corporate governance is a matter of high importance to the Company, and is undertaken with due regard to all of SciDev's stakeholders and its role in the community. The Board and its Corporate Governance Committee draw on relevant best practice principles, particularly those issued by the ASX Corporate Governance Council's third edition of the publication, "Corporate Governance Principles and Recommendations", which was released in March 2014 and is referred to for guidance purposes. Corporate Governance is a regular item at the Company's Board meetings, where the Company's Corporate Governance practices are reviewed and compared to those proposed by the ASX Corporate Governance Council. Unless explicitly stated otherwise, the Directors believe that the Company complies with the major principles and the underlying guidelines of the ASX, and is mindful that there are however some instances where compliance is not considered practicable for a company of SciDev's size.

The Board has approved and adopted policies and charters with which Directors and management are required to comply, and which contain the information recommended by the ASX. These policies and charters can be found in the Corporate Governance Manual on the Company's website at www.SciDev.com.au under the section <http://scidev.com.au/corporate-governance>. SciDev sets out below the Company's position relative to each of the eight principles contained in the ASX Corporate Governance Council's report.

Principle 1: Lay solid foundations for management and oversight

The Company has disclosed the respective roles and responsibilities of its Board and management, and those matters expressly reserved to the Board and those delegated to management.

The Board's roles and responsibilities include the following:

- Setting and reviewing the vision, goals and strategy of the Company;
- Approving the Company's annual strategic plan and major operating plans;
- Approving Company budgets;
- Reviewing and providing feedback on the performance of the Managing Director;
- Reviewing the performance of the Board and individual Directors;
- Reviewing the half-year and annual financial statements and reports, and quarterly cash-flow statements; and
- Determining Company policies and ensuring that adequate procedures are in place to manage the identified risks.

The Company has a small Board of two Non-Executive Directors (consisting of Trevor A Jones – Non-Executive Chairman and Daniel (Don) J Cronin – Non-Executive Director) and one Executive Director (Kieran G Rodgers – Managing Director). The Company's Board Charter can be found in the Corporate Governance Manual on its website at <http://scidev.com.au/corporate-governance>.

The roles and responsibilities of the Chairman include:

- Vision / Strategy – Ensuring leadership in setting and reviewing vision, and determining strategy to achieve the Company's goals;
- Board Meetings – Setting Board meeting agendas with the Managing Director and Company Secretary, ensuring that Directors receive all relevant information needed, chairing meetings and dealing with conflicts;

- Annual General Meeting (AGM) – Chairing the AGM and ensuring that shareholders have the opportunity to speak on relevant matters, ensuring that the audit partner attends;
- External – Spokesperson with the Managing Director on Company matters;
- Managing Director – Being the primary point of contact between the Board and Managing Director, keeping fully informed on major matters by the Managing Director, chairing the performance appraisal of the Managing Director and providing mentoring; and
- Board – Initiating Board and Committee performance appraisals, ensuring that agreed composition is maintained and Director induction plans are in place.

The Managing Director's roles and responsibilities include:

- Vision / Strategy – Formulating with the Board the vision and strategy of the Company, developing action plans to achieve this vision and reporting regularly to the Board on progress in this regard;
- Management Team and Employees – Providing leadership, appointing and negotiating terms of employment of senior executives (with Board approval where necessary), developing a succession plan, ensuring procedures are in place for the education and training of the management team and employees to ensure compliance with laws and policies;
- Operations – The successful implementation of the Company's commercialisation activities; and
- Board – Bringing all matters requiring review / approval to the Board, advising the Board of any changes in the Company's risk profile, providing certification regarding the half-year and annual financial reports, reporting to the Board on a monthly basis on the performance of the Company and ensuring the education of Directors on relevant matters.

Further information on the roles of the Chairman and Managing Director can be found in the Corporate Governance Manual on the Company's website at <http://scidev.com.au/corporate-governance>.

Management's roles and responsibilities include:

- The operation and administration of the Company, as delegated by the Board;
- Implementing the strategic objectives of the Company and operating within the risk appetite set by the Board;
- Complying with all other aspects of the day-to-day running of the Company; and
- Providing the Board with accurate, timely and clear financial and other information to enable the Board to perform its responsibilities.

The Company has a small management team, so roles and functions have to be flexible to meet specific requirements.

The Company undertakes appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a Director. The Company also provides security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a Director.

The Company has a written agreement with each Director and senior executive setting out the terms of their appointment.

The Company also has a policy concerning trading in its securities by Directors and employees, which provides guidelines for buying and selling securities. This Securities Trading Policy can be found on the Company's website at <http://scidev.com.au/corporate-governance>. Directors, employees and key consultants of the Company may only deal in SciDev's shares during 'window periods', as set out in the Company's Securities Trading Policy, and trading is approved by the Managing Director or the Chairman. However, Directors, employees and key consultants of the Company are prohibited from buying or selling SciDev shares at any time if they are aware of price-sensitive information that has not been made public.

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

The Company has a Diversity Policy, which includes requirements for the Board and Corporate Governance Committee to set measurable objectives for achieving gender diversity, and to assess annually both the objectives and the Company's progress in achieving them. The Company has disclosed its Diversity Policy in the Corporate Governance Manual on its website at

<http://scidev.com.au/corporate-governance>. In accordance with the adopted Diversity Policy, the Company's objective is to more actively address its diversity goals, and set and disclose measurable objectives, as it grows in size. The Company's Diversity Policy outlines the process by which the Board will set measurable objectives to achieve the aims of its Diversity Policy. These objectives will include procedural / structural objectives; initiatives, programmes and targets in respect of the diversity of persons employed by (or who are consultants to) the Company; the diversity of persons on the Board; the nature of the roles in which persons are employed, including on full-time, part-time or contracted bases, and in leadership, management, professional speciality or supporting roles; and the participation of persons at different remuneration bands, each by reference to gender, age, ethnicity and cultural background. Subject to the size and operations of the Company, the Board is committed to the long-term goal of improving gender representation across all levels of the organisation. The Board endeavours to assess annually both the objectives and progress in achieving gender diversity in accordance with the Company's Diversity Policy, however did not do so during the last reporting period as a result of the small staff size and composition. The Company discloses the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation. The Company has a small number of staff members, and does not have any women on its Board, or amongst its executives and only one woman on its staff. The Company has defined "senior executive" for these purposes following the classification in the Remuneration Report in the Company's Annual Report.

The Company has a process for periodically evaluating the performance of the Board, its committees, individual Directors and senior executives using an evaluation questionnaire in relation to each reporting period. This performance evaluation was not undertaken in the last reporting period in accordance with that process. A performance evaluation of the Board, its Committees and Directors, will be carried out by the Directors in the next 12 months. The Directors believe the Board has an appropriate balance of experienced Directors. The Board of Directors of the Company believes it is important that it review its own performance and that of its committees, with a view to achieving a high level of performance by the Board. Directors may at any time discuss with the Chairman any issue concerning Board performance. All one-on-one discussions are confidential, unless otherwise agreed by the Director concerned. The Board may engage external consultants to: evaluate its performance in accordance with this policy; implement recommendations made by the Board as a result of any evaluation; and suggest or provide appropriate training or courses for the Board or certain Directors. The Company has a Board Performance Review Policy, which can be found in the Corporate Governance Manual on its website at <http://scidev.com.au/corporate-governance>.

Principle 2: Structure the Board to add value

The Board has a combined Nomination and Remuneration Committee, which does not comply with the recommendation of having at least three members, as it only has two (Daniel (Don) J Cronin – Committee Chairman and Trevor A Jones – Non-Executive Director), because of the limited size of the Board, but both are independent Directors, including the Committee Chairman, as is recommended. The charters of the Committee are disclosed in the Corporate Governance Manual on the Company's website at <http://scidev.com.au/corporate-governance>. As at the end of the last reporting period, this Committee met **once** and both Committee members attended the meeting. The Nomination and Remuneration Committee employs processes 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. It does so by reviewing Board performance, size and capacity (with appropriately-experienced Directors).

The Company has a Board skills matrix, which is disclosed below (Appendix A) setting out the mix of skills and diversity that the Board currently has. The Directors believe that the Board currently has the appropriate skills and knowledge required for a company of its size, and the mix of skills and Board diversity will remain under review.

The names of the Company's Directors considered by the Board to be independent Directors are Trevor A Jones – Non-Executive Chairman and Daniel (Don) J Cronin – Non-Executive Director. The length of service of each Director is as follows: Trevor A Jones – ten years and eight months, Kieran G Rodgers – ten years and eight months and Daniel (Don) J Cronin – three years and 11 months. A majority of the Board of the Company is made up of independent Directors, as is recommended. The Chairman of the

Board of the Company, Trevor A Jones, is an independent Director and is not the same person as the Managing Director of the Company, as is recommended. A description of the skills and experience of each Director, and their period of office, is set out in the Directors' Report section of the Annual Report. A Director may be elected for a term of a maximum of three years. To ensure a gradual and controlled movement of Directors, the longest serving one-third of all Directors (rounded down to the nearest whole number) is required to retire at each AGM, but shall be eligible for re-election.

The Company has a programme for inducting new Directors. Each Director of the Company has the right to obtain independent experts' advice to enable them to fulfil their obligations at the expense of the Company and after obtaining approval of the Chairman. The Company provides appropriate professional development opportunities as required for Directors to develop and maintain the skills and knowledge needed to perform their role as Directors effectively. Prior approval of the Chairman is required, but this will not be unreasonably withheld.

Principle 3: Act ethically and responsibly

The Company has a Code of Conduct for its Directors, senior executives and employees, which is disclosed in the Corporate Governance Manual on its website at <http://scidev.com.au/corporate-governance>, and is appropriate for the Company's size and the close interaction of individuals throughout the organisation. The general principles and practices of the Company, as outlined in its Code of Conduct, are as follows: employees of the Company must act honestly, in good faith and in the best interests of the Company as a whole; employees have a duty to use due care and diligence in fulfilling the functions of their position, and exercising the powers attached to their employment; employees must recognise that their primary responsibility is to the Company's shareholders as a whole; employees must not take advantage of their position for personal gain or the gain of their associates; Directors have an obligation to be independent in their judgements; confidential information received by employees in the course of the exercise of their duties remains the property of the Company and can only be released or used with specific permission from the Company; and employees have an obligation to comply with the spirit, as well as the letter, of the law and with the principles of this Code of Conduct. The Company always tries to deal with business associates who demonstrate similar ethical and responsible business practices.

Principle 4: Safeguard integrity in corporate reporting

The Board of the Company has an Audit Committee. Having regard to the size of the Company, the Board does not comply with the recommendation of having at least three members, as it only has two. However, both members, being Daniel (Don) J Cronin (Committee Chairman) and Trevor A Jones, are Non-Executive independent Directors. The Chairman of the Committee is an independent Director, who is not the Chairman of the Board, and the charter of the Committee is disclosed in the Corporate Governance Manual on its website at <http://scidev.com.au/corporate-governance>. The Directors have applicable expertise and skills, and are suitably qualified, for this Committee. The relevant qualifications and experience of the members of the Committee can be found on the Company's website as well as in the Directors' Report of the Annual Report. The Audit Committee reports to the Board after each Committee meeting and after meeting with the Company's external Auditor; meetings are held at least twice each year. As at the end of the last reporting period, this Committee met twice and both members attended both meetings. In conjunction with the full Board, the Audit Committee reviews the performance of the external Auditor (including the scope and quality of the audit). The primary responsibilities of the Audit Committee are to oversee the existence and maintenance of internal controls, accounting systems and the financial reporting process, to nominate the external Auditor and to review existing external audit arrangements, including the selection, appointment and rotation of external audit engagement partners.

The Board of the Company receives from its CEO and, where applicable, CFO (before it approves the Company's financial statements for a financial period) a declaration that, in their opinion, the financial records of the Company have been properly maintained and that the financial statements comply with the appropriate accounting standards. The declaration also states that the financial statements give a true and fair view of the financial position and performance of the Company, and that the opinion has been formed on the basis of a sound system of risk management and internal control, which is operating effectively.

The Company ensures that its external Auditor attends its AGM and is available to answer questions from security holders relevant to the audit. This has been supported by the Company's audit partner.

Principle 5: Make timely and balanced disclosure

The Company has a written policy for complying with its continuous disclosure obligations under the ASX Listing Rules. The Company has disclosed that policy in the Corporate Governance Manual on its website at <http://scidev.com.au/corporate-governance>. The Company makes 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. The Company, its Directors and its staff are aware of the ASX's continuous disclosure requirements, and operate in an environment where strong emphasis is placed on full and appropriate disclosure to the market. A regular review takes place to ensure compliance with ASX Listing Rule 3.1 on continuous disclosure and there is accountability at a senior executive level for that compliance. The Company maintains a register of matters considered for possible market disclosure.

Principle 6: Respect the rights of security holders

The Company provides information about itself and its governance to investors via its website at www.SciDev.com.au. The Company respects the rights of its security holders by providing them with appropriate information and facilities to allow them to exercise their rights effectively. On the Company's website interested parties can find information about the Company, and its technologies and business. Under the website homepage the Company provides information on its Board and Management, Corporate Governance and Corporate Directory (which includes details of the Company's Share Registry, legal adviser, patent attorney, Auditor and stock exchange listings). The Company has also included on its website 'Investor Information', 'ASX Announcements' and 'Contact Us' sections.

SciDev has designed and implemented an investor relations programme to facilitate effective two-way communication with investors. The Company has an appropriate Communications Policy to promote effective communication with shareholders, which is in line with the Company's size and its financial capacity, and it can be found in the Corporate Governance Manual on its website at <http://scidev.com.au/corporate-governance>.

The Company discloses the policies and processes it has in place to facilitate and encourage participation at meetings of security holders. The small size of the Company means that, the main ways that the Company allows investors and other financial market participants to gain a greater understanding of the Company's business, governance, financial performance and prospects is by encouraging shareholder participation at AGMs, where it actively engages with security holders, and meeting with security holders upon request and responding to any enquiries they may make from time-to-time. When investors and other financial market participants express their views to the Company on matters of concern or interest to them those views are distilled and communicated to the Board.

The Company gives security holders the option to receive communications from, and send communications to, the Company and its Security Registry electronically; the Company's electronic contact details and those of the Share Registry can be found on its website at www.SciDev.com.au

Principle 7: Recognise and manage risk

The Company does not have a separate committee that specifically oversees risk. The processes SciDev employs for overseeing the Company's risk management framework are developed by management, and it is the Board's role and responsibility to review these processes. The Board identifies areas of significant business risk, and ensures that policies and procedures are in place to adequately manage those risks. Company and business risk factors are an agenda item at each Board meeting, and the Managing Director periodically reports to the Board on risk management, internal controls and the Company's insurance programme.

The Audit Committee also provides assistance to the Board in fulfilling its corporate governance and oversight responsibilities in relation to reviewing the Company's risk management framework and systems to satisfy itself that it continues to be sound. In relation to the last reporting period risk reviews have taken place periodically as part of Board Meetings and the Board has satisfied itself that its risk control policies continue to be sound. The Audit Committee Charter and its references to risk

management are included in the Corporate Governance Manual on the Company's website at <http://scidev.com.au/corporate-governance>.

The Company does not have an internal audit function. The processes the Company employs for evaluating and continually improving the effectiveness of its risk management and internal control processes include the review of its actual versus budget variances in revenue and expenses and the periodic review of source accounting documentation by someone independent of the Accounts Department and independent of the regular accounting documentation approval process.

The Company discloses under the heading "Environmental Regulation" in the Directors' Report section of its Annual Report its material exposure to economic, environmental and social sustainability risks. It manages those risks by regularly reviewing the Company's procedures, and ensuring that they are up-to-date and being followed. SciDev believes that, if it is successful in the rollout of its technologies, it can have a positive long-term effect on aspects of the environment through the provision of chemically-aided clarification of wastewater from mining, dairy processors and industrial processes; and the dewatering of sludges and slurries from sewage treatment, mining and manufacturing industries. For almost 20 years, SciDev's subsidiary, Science Developments Pty Ltd, has focused exclusively on the research, development and manufacture of polymers for liquid-solids separations such as: chemically-aided clarification of wastewater from mining and industrial processes; dewatering of sludges and slurries from sewage treatment, mining and manufacturing industries; and specialised flotation and sedimentation processes.

Principle 8: Remunerate fairly and responsibly

The Board has a combined Nomination and Remuneration Committee, which does not comply with the recommendation of having at least three members, as it only has two because of the limited size of the Board. However, both (Daniel (Don) J Cronin – Committee Chairman and Trevor A Jones – Non-Executive Director) are independent Directors and the Chairman of the Committee is an independent Director. The charters of the Committee are disclosed in the Corporate Governance Manual on the Company's website at <http://scidev.com.au/corporate-governance>. This Committee did not meet During the last reporting period as no substantive change to Director or senior executive remuneration was proposed.

The Company separately discloses its policies and practices regarding the remuneration of Non-Executive Directors, and the remuneration of Executive Directors and other senior executives. A clear distinction between, and description of, the structure of Non-Executive Directors' remuneration, and the Managing Director and executive remuneration, is set out in the Remuneration Report (contained in the Directors' Report) of the Company's Annual Report, and, in accordance with Corporations Act requirements, the Company discloses the fees and salaries paid to all Directors, plus its highest paid officers. The Company pays Director remuneration that is sufficient to attract and retain high-quality Directors, and has designed 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. The Nomination and Remuneration Committee meets as and when required to review performance matters, and make recommendations to the Board in relation to the Company's remuneration framework for Directors, including the process by which any pool of Directors' Fees approved by security holders is allocated to Directors, and in relation to the remuneration packages to be awarded to executives, equity-based remuneration plans for executives and other employees, superannuation arrangements for Directors, executives and other employees, and in relation to whether there is any gender or other inappropriate bias in remuneration for Directors, executives or other employees. The Directors work closely with management, and have full access to all the Company's files and records. In recent years, the Company sought independent external advice and market comparisons.

The Company has an equity-based remuneration scheme, being its Employee Share Scheme, which was approved by shareholders at the 28 November 2014 AGM. The Company has a policy that participants in the Employee Share Scheme are not permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme. The summary of the policy can be found in the Notice of AGM for 28 November 2014, which can be found under the 'ASX Announcements – Announcements 2014' section of the Company's website. There are no schemes for retirement benefits, other than superannuation, for Non-Executive

Directors. The Directors believe that the size of the Company makes individual salary and contractor negotiation more appropriate than formal remuneration policies.

APPENIDIX A – Board Skills Matrix

Skills, Diversity and Experience of the Board	Total Number out of Three Directors
Leadership	3
Corporate Governance and Compliance	3
Regulatory Compliance	3
Membership of Governance or Regulatory Bodies	0
Position held on Financial Bodies and Councils	0
Strategy	3
Senior Management positions held outside Intec Ltd	1
Directorships held outside SciDev Ltd	2
CEO / CFO / COO experience	2
General Management	2
Tenure – Director of SciDev Ltd for up to four years	1
Tenure – Director of SciDev Ltd for between four and ten years	0
Tenure – Director of SciDev Ltd for over ten years	2
Operations	3
Occupational Health and Safety	2
Experience Managing Environment Issues in an Organisation	1
Project Delivery	3
Sector / Industry Experience	3
Geographic Experience – Global	2
Geographic Experience – Asia Pacific	2
International Business	3
Finance	3
Accounting	2
Mergers and Acquisitions / Equity / Capital Markets	3
Experience in Growing a Business	3
Experience in Implementing Capital Projects	2
Banking	2
Business Development	3
Risk Management	3
Marketing	1
Remuneration	2
Government Relations	0
Human Resources Management / People	1
Professional Services	1
Gender Diversity – worked with females on Boards	2
Water-treatment technology	1
Tertiary Qualifications	3
Post-Graduate Business Studies and CA or CPA	2
Residency in Australia	3
Residency outside Australia	2