



Board Charter

Patrys Limited

ACN 123 055 363

Approved by the Board	October 2018
Previously Approved	-
Next Review Date	Jan 2020

Board Charter

This policy sets out the major principles adopted by the Board to manage its affairs and enable it to discharge its responsibilities. It operates in conjunction with the Constitution of the Company and relevant laws (including under the Corporations Act, ASX Listing Rules and the Competition and Consumer Act).

1. Responsibilities and Functions of the Board

The Board is responsible for setting the strategic direction of the Company and for overseeing and monitoring its businesses and affairs. Directors are accountable to the shareholders for the Company's performance. The Board's overriding objective is to increase shareholder value within an appropriate framework that protects the rights and enhances the interests of all shareholders, whilst ensuring that the Company is properly managed. Directors must fulfil their fiduciary obligations to shareholders, but will also take into consideration the interests of other stakeholders in the Company, including employees, customers, creditors and others with a legitimate interest in the Company's affairs.

The Board reviews and approves the Company's business plans and guiding policies. Day to day management of the Company's affairs and implementation of its strategy and policy initiatives are delegated to the Chief Executive Officer and by him/her to other senior executives. For guidance, the Board has also developed a broad set of policies (available on the Company's website in the Corporate Governance section) describing an employee code and standards of conduct, how to deal with conflicts of interest, disclosure to the investment community, shareholder communication strategy, performance evaluation of the Board and diversity.

The primary functions of the Board include:

- setting overall goals for the Company;
- approving strategies, objectives and plans for the Company's businesses to achieve these goals;
- ensuring that business risks are identified and approving systems and controls to manage those risks and monitor compliance;
- approving the Company's major human resources policies and overseeing the development strategies for senior and high performing executives;
- approving financial plans and annual budgets;
- monitoring executive management and business performance in the implementation and achievement of strategic and business objectives;
- approving key management recommendations (such as major capital expenditure, acquisitions, divestments, restructuring and funding);

- appointing and removing the Chief Executive Officer and ratifying the appointment and removal of executives reporting directly to the Chief Executive Officer (senior executives);
- reporting to shareholders on the Company's strategic direction and performance including constructive engagement in the development, execution and modification of the Company's strategies;
- overseeing the management of occupational health and safety and environmental performance;
- determining that satisfactory arrangements are in place for auditing the Company's financial affairs;
- meeting statutory and regulatory requirements and overseeing the way in which business risks and the assets of the Company are managed.

2. Relationship between the Board and Management

The Board shall delegate responsibility for the day-to-day operations and administration of the Company to the Chief Executive Officer. The Chief Executive Officer has authority to sub-delegate to the Executive Team.

Specific limits on the financial authority delegated to the Chief Executive Officer and the Executive Team must be set out in the Delegation of Authority approved by the Board.

The role of management is to support the Chief Executive Officer and implement the running of the general operations and financial business of the Company, in accordance with the Delegation of Authority of the Board.

In addition to formal reporting structures, members of the Board are encouraged to have direct communications with senior executives within the Group to facilitate the carrying out of their duties as Directors.

The Chief Executive Officer and Executive Team are ultimately accountable to the Board.

The Board has in place procedures to assess the performance of the Chief Executive Officer and the Executive Team.

3. Director Responsibilities

Directors are expected to attend and participate in Board meetings and meetings of committees on which they serve.

Directors are expected to spend the time needed, and meet as often as necessary, to properly discharge their responsibilities.

Directors are expected to review meeting materials before Board meetings and committee meetings.

Directors must disclose their interests, positions, associations or relationships. The independence of the Directors should be regularly assessed by the Board in light of the interests disclosed by them.

Directors are expected to bring their independent views and judgement to the Board and must declare immediately to the Board any potential or active conflicts of interest.

Directors must declare immediately to the Board, and the Board will determine whether to declare to the market, any loss of independence.

Directors must keep Board information, discussions, deliberations and decisions that are not publicly known, confidential.

Directors must comply with their legal duties when discharging their responsibilities as directors. Broadly, these duties are to:

- (a) to act in good faith and in the best interests of the Company;
- (b) act with care and diligence;
- (c) act for proper purposes;
- (d) avoid a conflict of interest or duty; and
- (e) refrain from making improper use of information gained through the position of director or taking improper advantage of the position of director.

No member of the Board may serve for more than three years or past the third annual general meeting following their appointment, whichever is the longer, without being re-elected by the shareholders.

4. The role of the Chairperson

The Chairperson is responsible for the leadership of the Board, setting the agenda of the Board, conducting the Board meetings, ensuring that an accurate record of the minutes of board meetings is held by the Company and conducting the shareholder meetings.

Where practical, the Chairperson should be a non-executive Independent Director. If a Chairperson ceases to be an independent Director then the Board will consider appointing a lead independent Director.

Where practical, the Chief Executive Officer should not be the Chairperson of the Company during his term as Chief Executive Officer or in the future.

The Chairperson must be able to commit the time to discharge the role effectively.

The Chairperson should facilitate the effective contribution of all Directors and promote constructive and respectful relations between Board members and management.

In the event that the Chairperson is absent from a meeting of the Board then the Board shall appoint a Chairperson for that meeting in an Acting capacity.

5. Composition of the Board

The composition of the Board is determined using the following principles:

- The Board is comprised of a minimum of 3 and a maximum of 10 directors. The directors have power under the Company's Constitution to determine the maximum number of directors from time to time, above 3 but not more than 10 directors.
- The Chairman of the Board is to be an independent non-executive director.
- The Board shall always contain a majority of independent non-executive directors.
- Consideration should be given to gender and age diversity to bring different perspectives to board discussions.

6. Board Skills Matrix

The Composition of the Board is determined with a view to ensuring that it is comprised of the appropriate skills and experience.

The particular skills and experience considered are outlined in the matrix below:

<i>Professional Director Skills:</i>	
Risk & Compliance:	Ability to monitor risk and compliance and knowledge of legal and regulatory requirements.
Financial & Audit:	Experience in accounting and finance to analyse statements, assess financial viability, contribute to financial planning, oversee budgets and oversee funding arrangements.
Strategy:	Ability to identify and critically assess strategic opportunities and threats to the organisation and develop strategies in context to Company policies and business objectives.
Policy Development:	Ability to identify key issues for the organisation and develop appropriate policy parameters within which the organisation should operate.
Executive Management:	Experience in evaluating performance of senior management, and oversee strategic human capital planning.
Previous Board Experience:	The board's directors should ideally have extensive director experience and have completed formal training in governance and risk.
<i>Industry Specific Skills:</i>	
Biotech/Pharmaceutical Industry Experience:	Relevant commercial and technical expertise and experience gained in the biotech/pharmaceutical industry.

<i>Interpersonal Skills (all board members should have these skills):</i>	
Leadership:	Ability to make decisions and take necessary actions in the best interest of the organisation, and represent the organisation favourably. Ability to analyse issues and contribute at board level to solutions.
Ethics and Integrity:	Understanding of the role of a director and continue to self-educate on legal responsibility. Ability to maintain board confidentiality and declare any conflicts.
Contribution:	Ability to constructively contribute to board discussions and communicate effectively with management and other directors.
Negotiation:	Possess excellent negotiation skills, with the ability to drive stakeholder support for board decisions.
Crisis Management:	Ability to constructively manage crises, provide leadership around solutions and contribute to communications strategy with stakeholders.

7. Appointment / Retirement of Directors

The Nomination and Remuneration Committee will regularly review the composition of the Board and if it is considered appropriate to appoint new directors to the Board, will arrange for the matter to be discussed at a full Board meeting. Nominations are received and reviewed by the Board. The Board will then determine any special qualifications, experience or other prerequisites for the new director, and the manner of selecting such a director.

The Company will undertake appropriate checks on any candidate nominated for election as a director.

The Nomination and Remuneration Committee may use external consultants to access a wide base of potential directors, considering the range of skills and experience required in light of:

- the current composition of the Board;
- the need for independence;
- the strategic direction and progress of the Company; and
- the geographic spread and diversity of the Company's business.

If the need for a new Board member is identified, the appointee must stand for election at the next general meeting of shareholders. The shareholders will be provided with all material information which the Company possesses regarding whether to elect a director.

No director except the Managing Director may hold office for a period in excess of 3 years, or beyond the third annual general meeting following the director's election, whichever is the longer, without submitting himself or herself for re-election.

One third of all directors, except the Managing Director, will retire by rotation each year but may offer themselves for re-election for a further 3-year period.

The Company does not have a policy with regard to establishing a maximum term for the appointment of a director although the Board will assess whether a director who has held office for more than 10 years may still be considered independent.

8. Board Meetings

Board meetings are generally held on a monthly basis. All directors are expected to prepare fully for all Board meetings, and to attend as many Board meetings as is reasonably practicable.

The Board meeting agenda and relevant papers will be distributed to all directors at least 4 days prior to the meeting.

Directors are expected to be available for the full duration of the meeting as notified in the meeting agenda.

Directors will keep confidential Board discussions, deliberations and decisions that are not publicly known. Outside the boardroom, directors support the letter and spirit of Board decisions.

Confidential information received by a director in the course of the exercise of directorial duties remains the property of the Company and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been properly authorised, or is required by law.

The Board has established a number of Board committees to assist in the execution of its responsibilities. In addition to these permanent committees, it is the practice of the Board to establish adhoc sub committees on an as needed basis. All directors are expected to be available for membership of these committees, to prepare fully for relevant committee meetings, and to attend as many meetings of Board committees and sub-committees, of which they are a member, as is reasonably practicable. The agenda and papers for Board committee meetings will be distributed at least 4 days prior to each meeting.

In addition to formal Board and committee meetings, directors are also required to attend functions and activities on behalf of the Company. This will include meetings with staff, customers and suppliers. All directors are expected to make themselves available for these functions and activities.

9. Remuneration of Directors

The Company enters into written agreements with each director and senior executive setting out their terms of appointment. Executive directors receive no extra remuneration for their service on the Board beyond their executive salary package.

Remuneration of non-executive directors is determined in maximum aggregate by the shareholders, and is allocated by the Board on the recommendation of the Nomination and Remuneration Committee. The Nomination and Remuneration Committee will take independent advice in respect to directors' fees on an as needed basis.

Directors' fees are paid on a gross fees basis (except GST where applicable). There is no separate payment made for attendance at Board committee meetings or for other attendances to Company or Board activities. Directors do have the option of packaging their fees on the same basis as executives (e.g. superannuation, motor vehicles).

Directors are not required to hold shares in the Company as part of their appointment.

The reasonable expenses incurred by a director in discharging their obligations and performing their duties will be reimbursed by the Company, consistent with Company policies which are established from time to time.

There is to be no plan to provide remuneration, reward or other benefits to non-executive directors upon the cessation of them holding office as a director.

10. Board Appraisal

A structured process has been established to review and evaluate the performance of the Board, its Committees and individual directors. Each year, a survey of directors is coordinated by the Chairman to review the role of the Board, to assess the performance of the Board, its Committees and individual directors over the previous 12 months and to examine ways of assisting the Board in performing its duties more effectively, such as through further education.

Details of this performance evaluation policy are contained in the Corporate Governance Supplementary Policies document which is available on the Company's website.

11. Directors' Other Interests

Directors other interests, which are likely to conflict with the interests of the Company, are declared by the relevant director at the time the interest arises or the potential conflict becomes apparent. If a conflict actually arises, the director concerned will absent himself from the meeting at which the issue is discussed and will abstain from voting on the issue.

Each director is required to provide and to keep the Company provided with up to date details of their other interests (for example, employment, directorships, potential conflicts of interest, interests in contracts to which the Company is party, related party transactions, family ties) both before and during the holding of office.

12. Independent Professional Advice

Each director has the right, with the prior approval of the Chairman, not to be withheld except in case of an unreasonable request by a director, to seek independent legal and other professional advice at the Company's expense concerning any aspect of the

Company's operations or undertakings in order to fulfil his or her duties and responsibilities as a director.

Where the Chairman wishes to obtain independent professional advice, the Chairman must obtain the prior authorisation of the chairman of the Audit and Risk Committee, not to be withheld except in case of an unreasonable request by the Chairman.

A copy of all such advice must be provided immediately to the Chairman, and made available to the Board meeting next following receipt of the advice, unless it is privileged from production by the director to the Company according to law, or would thereby be available to another party to proceedings to which the director is also a party.

13. Agreement for Provision of Information to Stock Exchange/s

Where the Company is required, under the listing rules of Australian Securities Exchange (ASX) (and any other stock exchange upon which the Company is obliged to disclose to such exchanges the details of directors' interests in securities), and in contracts relevant to the securities, then the Company is also required to enter into an agreement with each of the directors under which the directors are obliged to provide the necessary information to the Company to enable discharge of those obligations.

All directors are required to enter into such an agreement and to provide the specified information within the agreed timeframe.

14. Buying and Selling Shares

The Corporations Act 2001 (Cth) prohibits "Insider Trading" and imposes significant penalties where a breach of the insider trading laws occur.

Examples of inside information are profit projections, knowledge of large contracts won or lost, knowledge of a merger or takeover or sale, and knowledge of significant change in personnel. The offence is to use information to trade or cause others to trade in the Company's shares. Causing others to trade means to incite, induce, encourage, or tip off.

In response to the above, the Company has developed a separate Securities Trading Policy which Directors comply with in all trading activities. This Trading Policy:

- Recognises that it is the individual responsibility of each director, Officer and employee to ensure that they comply with the spirit and the letter of the law of the insider trading laws.
- prohibits directors, executive and employees from directly or indirectly buying, selling or otherwise trading in the Company's shares, nor in shares of any other corporation where by reason of being a director of the Company or any other corporation they possess material, price sensitive information which is not generally available, or where buying or selling those shares in some way infringes the law against insider trading.

15. Continuous Disclosure

The Board is aware of its obligations in respect to continuous disclosure of material information, and embraces the principle of providing access to that information to the widest audience of investors. The Board will regularly review the effectiveness of the Company procedures in place to ensure that continuous disclosure is maintained.

The Company, in accordance with the provisions of the Corporations Act 2001 (Cth) and the ASX Listing Rules, advises the ASX of any transaction conducted by directors in securities in the Company. A Board policy "Disclosures to the Investment Community" has been issued and all directors are required to comply with that policy. (A copy of the policy is attached as part of Section E to this policy).

16. Director Education

The Company has an informal process to induct new directors and a program to educate directors about the nature of its business, current issues and the corporate strategy, and the expectations concerning performance of directors. The Company also provides ongoing opportunities for directors to develop their skills and knowledge.

17. Compliance Officer

The Board shall ensure that at all times a responsible executive of the Company is appointed as the Compliance Officer of the Company. That Officer shall be responsible for arranging, monitoring and reporting to the Board upon the performance of all the compliance obligations of the Company. Unless a more appropriate officer is available, the Secretary of the Company shall be the Compliance Officer.

18. Board Committees

To ensure that the Board has adequate time to concentrate on strategy, planning and performance enhancement, the Board will delegate certain specific duties to Board committees. There are currently 2 committees that have been established, each with a defined charter, to assist and support the Board in the conduct of its duties and obligations. The structure and membership of the Committees and their charters are reviewed annually. Other committees may be constituted from time to time, as required.

19. Company Secretary

The Company Secretary acts as the secretary of the Board, attending all meetings of the Board and its Committees as required.

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

The Company Secretary is to facilitate the induction and professional development of Directors.

The Company Secretary is to facilitate and monitor the implementation of Board policies and procedures.

The Company Secretary is to provide advice to the Board on corporate governance matters, the application of the Company's Constitution, the ASX Listing Rules and applicable other laws.

All Directors have access to the advice and services provided by the Company Secretary.

The Board has the responsibility for the appointment and removal, by resolution, of the Company Secretary.

20. Review of this Charter

The Company Secretary will review this Charter annually or as often as he or she considers necessary.

Any amendment to this Charter must be approved by the Board.

21. Approved and Adopted

This Charter was approved and adopted by the Board on 17 October 2018.