

Board Charter
AdAlta Limited

Adopted July 2019

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1. INTRODUCTION

This Board Charter defines the role, responsibilities and authorities of Directors of AdAlta Limited (*“AdAlta Limited”*), both collectively as the Board and also individually. In outlining the Board’s purpose, composition, functions, relationships, and organisational detail regarding the conduct of the Board, it enables members of the Board to have a shared understanding of what the Board does and how the Board works. It aims to assist the AdAlta Limited Board and individual Directors to undertake their governance responsibilities with diligence and in line with best practice. It offers particular value in the context of inducting new members to the Board, in supporting Board evaluation processes and in promoting AdAlta Limited as a professional and transparent organisation to stakeholders, sponsors and volunteers.

This Charter falls within a hierarchy of key governance documents, namely AdAlta Limited’s Constitution, this Board Charter and the Code of Conduct for Directors and Senior Executives (**Attachment B**). The Constitution takes precedent and details a number of matters relevant to the Board, not all of which are reproduced in this Charter. The Code of Conduct for Directors and Senior Executives complements the Charter by detailing what is expected of individual Directors and how matters of conduct of Directors will be managed. This Charter should be read in conjunction with these associated documents.

2. THE ORGANISATION

AdAlta Limited is a public company listed on the ASX. AdAlta Limited is an Australian based drug development company headquartered in Melbourne. The Company is focused on using its proprietary technology platform to generate i-bodies, a new class of protein therapeutics, with applications as therapeutic drugs to treat disease.

3. GOVERNANCE ROLES

3.1 Role of the Board

The AdAlta Limited Board provides the overall governance control, direction and stewardship, of the organisation, on behalf of its stakeholders. The Board has responsibilities relating to the performance, compliance and overall operations of the organisation. Its work includes setting and reviewing the strategy and policy framework for the organisation, the appointment of and engagement with the CEO, monitoring the organisation's performance, risk management and compliance, approval of the annual budget and decision- making at the highest level.

In keeping with usual practice for the governance of Australian entities, the role of the Board and the roles of management are distinct and separated, although the Chief Executive Officer of the organisation is also a Director, with these dual roles facilitating efficiency and improved communication between the Board and management. The Board maintains its attention on its 'governing' responsibilities. It sets the strategic direction and goals of the organisation and monitors rather than manages the operational conduct of the organisation's business, the latter being the role of the CEO and senior management. The specific responsibilities and functions of the Board are detailed later in this Charter.

3.2 Board Structure

Pursuant to Clause 16.1 of the Constitution, the AdAlta Limited Board must be comprised of a minimum of three (3) directors and not more than ten (10).

The "Appointed" Directors are highly regarded and well-known leaders drawn from community and business. They are identified by the existing directors to bring an appropriate range of skills, experience and an understanding of, and competence to deal with, current and emerging issues of the organization. AdAlta Limited's succession plans are designed to maintain appropriate balance of skills, experience and expertise on the Board.

Directors may retire from office in accordance with the Constitution. Retiring directors may be eligible for re-election.

3.3 Role of Individual Directors

In discharging their duties, each Director should have regard to the fundamental common law and statutory obligations, including the need to:

- Exercise care and diligence;
- Act in good faith in the best interests of AdAlta Limited, and for a proper purpose;
- Avoid conflicts between one's role as a director and other personal and professional interests; and
- Commit the time necessary to discharge effectively their role as a Director.

In addition, directors have an individual responsibility in relation to the preparation of financial statements and avoiding insolvent trading.

All Directors are entitled to be heard at all meetings and should bring an independent judgement to bear in decision-making.

3.4 Role of the Chairman

The Chairman of the Board is elected by the Directors (refer Clause 18.10 of the Constitution).

The Board Chairman provides leadership to the Board, promoting Board cohesiveness, effectiveness and proper functioning. The Chairman is responsible for:

- Leadership of the Board;
- Chairing Board meetings and member meetings;
- Overseeing the Board in the effective discharge of its supervisory role;
- Managing the efficient organization and conduct of the Board's function and meetings;
- Facilitating effective contribution by all Directors;
- Briefing all Directors in relation to issues arising at Board meetings;
- The promotion of constructive and respectful relations between Board Members and between the Board and management;
- Scheduling regular and effective evaluations of the Board's performance;
- Act as the principal spokesperson for the Board when comment on the Board's activities is required;
- Being the principal communication channel between the Board and management, together with providing a point of counsel and independent and objective view for the CEO as required; and
- Reporting to the stakeholders in relation to the key activities of AdAlta Limited.

3.5 Role of the CEO

The CEO is appointed by the Board of Directors for a period as determined by the Board. The role is responsible for the overall management of the organisation so as to achieve AdAlta Limited's strategic goals and objectives. They will co-ordinate the implementation of the strategic plan and operate within the risk appetite set by the Board.

3.6 Role of Company Secretary

Pursuant to the Constitution, the Company Secretary is appointed by the Directors and need not be a member of the Board of Directors. The Company Secretary is accountable to the Board, through the Chairman, on matters relating to the proper functioning of the Board. The Company Secretary has a role in ensuring that:

- They keep or supervise the maintenance of full and correct minutes of any meetings of the Board or Members of the company;
- All notices are provided in accordance with the provisions of AdAlta Limited's Constitution or as required by law;
- They maintain the custody of the common seal of AdAlta Limited and ensure that it is affixed to all executed documents which are authorized by the Board or the company; and
- The maintenance of records and reporting to meet legal requirements, including statutory reporting and auditing requirements.

4. KEY RESPONSIBILITIES AND FUNCTIONS

4.1 Board Functions

In order to meet its overall governance role and to ensure it pays proper attention to both its performance and conformance responsibilities, the Board undertakes a range of functions outlined as follows:

Strategy

- Reviewing and approving the strategic direction of AdAlta Limited, including its vision, mission and values, in conjunction with the CEO and senior management team;
- Reviewing and approving performance objectives consistent with the AdAlta Limited's vision and strategy; and
- Monitoring implementation of plans to give effect to AdAlta Limited's strategy.

Governance and Oversight of Management

- The appointment and, where appropriate, removal of the CEO;
- Approving remuneration for the CEO, including succession plans;
- Approving the performance objectives for the CEO and monitoring performance against those objectives;
- Ensuring corporate accountability to stakeholders;
- Reviewing and approving material policies of organisational wide application; and
- Providing advice and counsel to management.

Liaising with Stakeholders

- Ensuring effective communication with key stakeholders and strategic partners; and
- Demonstrating leadership in relevant industry sectors, business and in the community generally.

Ensuring Compliance with Statutory Requirements

- Understanding and protecting AdAlta Limited's financial position;
- Monitoring compliance with all relevant legal, tax, and regulatory obligations including relevant codes and standards; and
- The appointment of the Company Secretary.

Risk Management

- Overseeing a risk management framework and monitoring business risks;
- Setting the risk appetite within which Management is expected to operate within; and
- Reviewing and monitoring the effectiveness of AdAlta Limited's implementation of its risk management system and internal control framework.

Oversight of Financial and Operational Management

- Reviewing and recommending for approval to members, the annual audited financial statements and reports;
- Approving any significant changes in accounting policies;
- Monitoring financial and operating performance of AdAlta Limited on an ongoing basis;
- Approving annual operating and capital budgets, including any material changes to those budgets;
- Approving and monitoring the progress of major capital expenditure including capital projects;
- Monitoring and assessing AdAlta Limited's performance against agreed business plans and KPI's;
- Considering reports and approving recommendations from Board committees;
- Delegating appropriate authorities to the CEO including approving a framework for delegation of authority to management; and
- Making recommendations to Members of AdAlta Limited for the appointment and removal of external Auditors.

Board Performance

- Establishing and determining the powers and functions of all sub-committees of the Board;
- Subject to the Constitution, changing the composition, structure and size of the Board; and
- Monitoring and reviewing the performance of the Board, individual Directors and its Committees.

4.2 CEO Functions

The CEO (directing and working in conjunction with the senior management team and staff) is responsible to the Board for:

- Recommending strategic directions and developing AdAlta Limited's strategic plan for approval by the Board, and translating the strategic plan into effective operations;
- Building and maintaining effective and productive relationships with stakeholders, sponsors and other partners;
- Leading and managing AdAlta Limited's staff and managing physical and financial resources to achieve organisational objectives;
- Assuming responsibility for the organisation's conformance with relevant laws, regulations and codes and developing, implementing and reviewing its general compliance framework;
- Developing, implementing and reviewing policies and procedures;
- Being alert to trends in the research and development, life science and biotechnology industry sectors and the operating environment, including changes in government funding policy and programs;
- Providing high quality information and briefings to the Board;
- Acting as a conduit between the Board and the organisation;
- Promote a culture that reflects the organisation's values; and
- Leading, supporting and mentoring staff to strive for and deliver innovative and excellent service.

5. BOARD PROCESSES

5.1 Board Meetings

The Board meets at least six times each year, approximately at two monthly intervals, and as required, if important special business arises and must be promptly addressed. The Board sets the schedule of meeting dates at the commencement of each year to facilitate Directors' planning and attendance.

5.2 Attendance and Quorum

The Constitution provides that the quorum for a Board meeting is a minimum of two (3) Directors holding office at the time of the meeting. Directors are expected to attend all meetings. If unable to attend, a Director conveys an apology to the Board and such apology is recorded in the minutes of the meeting. Repeated non-attendance is noted and if necessary raised with the Director by the Chairman in order to assess the Director's continued ability to contribute and to discharge his/her duties effectively.

5.3 Meeting Chairman

Board meetings are chaired by AdAlta Limited's Chairman. If the Chairman is unable to attend the meeting, then the Deputy Chairman will chair the meeting and if they are unable or unwilling to chair, the Directors will elect one from amongst them to chair the meeting.

5.4 Meetings Agendas and Papers

Meeting agendas are prepared by management in consultation with the Chairman and are developed to maximise robust discussion time for key agenda items while avoiding lengthy presentation time on matters for information. The Board maintains a Board Meeting Calendar to guide its work and the content of meeting agendas throughout the annual cycle of Board business (**Attachment B**). The Board agenda is structured so that items are either classified for decision, discussion or noting. Agenda items, should be accompanied by relevant briefing papers including a Summary Board Paper Template which outlines the relevant issue, recommendation, any financial or policy implications, alignment with strategic plan, risks and key assumptions utilised. As a general rule, the Board agenda and accompanying papers are distributed to Directors five (5) days prior to scheduled Board meetings. A template of the Board Agenda Structure is at **Attachment C**. A template of the Board Paper Template is at **Attachment D**.

5.5 Board Decision Making

Clause 18.5 of AdAlta Limited's Constitution provides that any motions and resolutions arising from any meeting of the Directors will be decided by a simple majority of Director votes (subject to quorum).

Directors have a duty to question and to raise any issues of concern to them. At Board meetings, matters are to be debated openly and constructively amongst the Directors.

Directors are committed to collective decision making and shall endeavor to arrive at a consensus decision on all matters requiring Board approval. Where a consensus decision is unable to be made, the decision of the Board shall be determined by a majority of votes of the Directors present at the meeting and voting. Subject to the requirements of the Constitution (eg: conflict in contract arrangement), all members of the Board of Directors are entitled to one vote. In accordance with clause 18.5 of the Constitution if the votes are equal, the chairperson of the meeting will not have a second or casting vote.

Directors must keep Board discussions and resolutions confidential, except where they are required by law to be disclosed.

Directors are expected to attend, to be adequately prepared for, and to participate in each Board meeting. Members of management may attend Board meetings at the Board's request to provide information within their areas of responsibility. The Board may also invite external advisors to attend Board meetings where necessary or desirable.

5.6 Avoidance of Conflicts of Interest of Directors

Directors should seek to avoid any conflict of interest between their roles as Directors and any other interests that they may have. Where a Director becomes aware of a conflict or potential conflict, that Director shall formally declare the conflict and not participate in any deliberations on that matter at any Board meeting.

The Conflict of Interest Policy has been developed to provide guidance to Directors on what constitutes a conflict of interest and how it will be managed and monitored by AdAlta Limited. A copy of this Policy is included as **Attachment E**.

5.7 Minutes

Proceedings of all meetings are minuted by the nominated Board secretariat and reviewed by both the Chairman and the CEO as soon after the meeting as possible. Minutes of Board meetings are circulated to Directors, approved by the Board at the subsequent meeting, and signed by the Chairman (or the Director who chaired the meeting concerned).

5.8 Board Committees

The Board may establish sub-committees to assist it in its work (refer to Clause 18.12 of Constitution). The need for committees may occur when the Board wishes to distribute the workload, enable detailed consideration and particular expertise to be brought to an important issue or function, and/or to offer advice on sensitive matters.

Committees must be constituted according to a Terms of Reference adopted at a Board meeting. Such Terms of References will outline the:

- Name of the committee
- Committee purpose
- Membership of the committee and the Chair
- Scope of the committee's work and delegated authority (if any) and/or advisory functions
- Operational procedures (meetings, quorum, minutes)
- Reporting requirements

Any Committee of the Board must include in its membership at least one Director.

AdAlta Limited's Board follows general practice in regards to the reporting requirement of its committees; any committee, even one with delegated functions, must submit its recommendations for Board approval and has no full executive power of its own.

AdAlta Limited has formed the following committees which are governed by separate Charter's.

- Audit & Risk Committee; and
- Remuneration & Nomination Committee.

5.9 Delegations of Authority

Pursuant to AdAlta Limited's Constitution, the Board has delegated to the CEO the authority to manage its daily operations, including the authority to control its affairs in relation to all matters other than those responsibilities reserved by the Board to itself, including in this Charter. Specific limits on the authority delegated to the CEO are set out in the Delegation of Authority Schedule as approved by the Board (Refer **Attachment F**).

The Board may impose further specific limits on the CEO's delegations. These delegations of authority will be maintained by the Company Secretary and will be reviewed by the Board as appropriate from time to time.

The CEO has authority to sub-delegate to the Senior Management Team.

Committees established by the Board of Directors shall report to the Board on the manner in which it is discharging its functions and responsibilities. Minutes of Committee meetings shall be prepared and circulated to all Directors.

6. BOARD EFFECTIVENESS

6.1 Director Protection

AdAlta Limited maintains Directors and Officers Insurance that provides certain insurance coverage for Board members and senior management undertaking their role with the company, subject to the limitations on that insurance imposed by the Corporations Act and the terms of the policy. This insurance policy is reviewed annually. Documentation of such insurance cover is provided to Directors on request.

6.2 Board Evaluation

The Directors undertake an annual Board evaluation exercise in order to assess their effectiveness collectively as a Board, and also as individual Directors. In undertaking this evaluation the Board considers:

- its performance against good governance standards;
- the workload of the Board and its past and future capacity to meet work demands; and
- the contribution of individual members against pre-determined criteria.

6.3 Director Selection and Succession

Although AdAlta Limited's Constitution sets minimum requirements for its composition, the Board is cognisant of the importance of, and value in, ensuring the Board is broadly representative and includes a mix of skills and attributes to support good governance. To this end the Board conducts an audit of the background and skills of Directors as part of its annual Board evaluation and will maintain a skills matrix to assist it in Director selection and succession processes.

6.4 Director Remuneration

In accordance with Clause 16.10 of the Constitution, Directors are entitled to receive Director's fees for their services as Directors. Travel and out of pocket expenses incurred by Directors in undertaking their duties with AdAlta Limited, will be reimbursed in accordance with the relevant company policies as applicable from time to time.

6.5 Director Induction

New Directors will undergo an induction to their role on the Board, facilitated by both the Chairman and the CEO. A detailed Director induction pack is available to new Directors and includes:

- formal policies on the appointments of Directors, together with conduct and contribution expectations;
- AdAlta Limited's strategic plan, annual plan, operating budget and KPI's;
- recent Board and Committee minutes and papers;
- background information on and contact information for key people in AdAlta Limited including an outline of their roles and capabilities.

7. REVIEW AND PUBLICATION OF CHARTER

The Board is responsible for reviewing this Charter every two (2) years to ensure it remains consistent with the Board's objectives and responsibilities. The Charter is available on the organisation's website.

AdAlta Limited Board Charter					
Date established:	July 2019	Date effective:	July 2019	Date of next review:	April 2021
Approved by:	AdAlta Limited Board of Directors				
Author:	AdAlta Limited Company Secretary				
Supporting documents, procedures & forms of this policy:	AdAlta Limited Board Charter Code of Conduct for Directors and Senior Executives Conflict of Interest Policy Delegations of Authority				

Version Control	Date effective:	Approved by:	Change details:
1	18 July 2019	AdAlta Limited Board of Directors	Document approved
2			

ATTACHMENT A - ANNUAL BOARD CALENDAR

Annual Board Calendar

TOPIC	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Statutory												
• Audited annual financial statements, directors report & auditor report												
• Reviewed half yearly financial statements, directors report & auditors report												
• Annual General Meeting												
AdAlta Limited Performance												
• Annual KPI Performance Review												
• Draft Annual Budget												
• Approve Annual Budget												
• CEO, CSO and COO reports												
• Monthly Management Accounts												
• Review re-forecast of Budget												
• CEO annual performance review												
Board Governance												
• Review of Committee charters												
• Review of Committee membership												
• Review of the composition of the AdAlta Limited board												
• Annual board calendar												
• Review Risk Management Framework												
• Board evaluation												
• Review of insurance policies and coverage												
Policy/Strategy												
• Tabling of organizational wide policies for confirmation												
• Delegations of Authority Review												
• Strategic plan – annual review												

ATTACHMENT B - CODE OF CONDUCT FOR DIRECTORS AND SENIOR EXECUTIVES

Code of Conduct for Directors and Senior Executives

AdAlta Limited aims to maintain an environment and culture that is honest, trustworthy and professional. Directors and Senior Executives embrace these values together with the values of excellence, respect, integrity and collaboration. All of these are important principles in the following Code of Conduct (“Code”).

Each Director and Senior Executive of AdAlta Limited:

1. Must act honestly, in good faith and in the best interests of AdAlta Limited;
2. Has a duty to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office;
3. Must use the powers of office for a proper purpose, in the best interests of AdAlta Limited as a whole;
4. Must not make improper use of information acquired in the course of his or her duties with AdAlta Limited;
5. Must not take improper advantage of his or her position;
6. Must not allow personal interests, or the interests of any associated person, to conflict with the interests of AdAlta Limited;
7. Must recognise that confidential information received in the course of the exercise of his or her duties remains the property of AdAlta Limited and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by AdAlta Limited;
8. Should not engage in conduct likely to bring discredit upon AdAlta Limited;
9. Must not knowingly participate in any illegal or unethical activity; and
10. Must comply, at all times, with the spirit, as well as the letter, of the law and with the principles of this Code.

In addition, each Director of AdAlta Limited:

1. Must recognise that the primary responsibility is to AdAlta Limited as a whole but should, where appropriate, have regard for the interests of all stakeholders, sponsors and partners of AdAlta Limited; and
2. Has an obligation to be independent in judgement and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken by the board of directors.

ATTACHMENT C - BOARD AGENDA TEMPLATE

Board Agenda

Date	
Time	
Location	
Attendees	

AGENDA ITEMS

- Item 1. **Welcome & Apologies**
 - 1.1. Apologies

- Item 2. **Directors Declaration of Conflicts**
 - 2.1. Disclosure of Conflicts

- Item 3. **Minutes of Previous Meeting**
 - 3.1. Minutes of Previous Meeting

- Item 4. **Business Action Arising from Previous Meeting**
 - 4.1.

- Item 5. **Significant Issues**
 - 5.1.

- Item 6. **Matters for Decision**
 - 6.1.

- Item 7. **Matters for Discussion**
 - 7.1. CEO Report
 - 7.2.
 - 7.3.
 - 7.4.

- Item 8. **Matters for Noting**
 - 8.1. BD Report
 - 8.2. QA Report
 - 8.3. Financial Report
 - 8.4. Aged Debtors Reports
 - 8.5.

- Item 9. **Other Business**
 - 9.1. In camera session (if required)

- Item 10. **Next Meeting**
 - 10.1.

ATTACHMENT D - BOARD PAPER TEMPLATE

BOARD PAPER

MEETING DATE:		
AGENDA ITEM:		
OWNER:		
BOARD ACTION	<input type="checkbox"/>	MATTER FOR DECISION
	<input type="checkbox"/>	FOR DISCUSSION
	<input type="checkbox"/>	FOR NOTING
	<input type="checkbox"/>	FOR REGISTER

ISSUE
RECOMMENDATION
BACKGROUND
FINANCIAL IMPLICATIONS
POLICY IMPLICATIONS
STRATEGIC FIT
RISKS
KEY ASSUMPTIONS
PREVIOUS BOARD ADVICE
ATTACHMENTS
SUBMITTED BY

ATTACHMENT E - CONFLICT OF INTEREST POLICY

	Topic: Conflict of Interest Policy No: Type of Policy: Governance Policy Position Responsible: Company Secretary Approved By: Board of Directors
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1. Introduction:

The Board of AdAlta Limited Ltd (AdAlta Limited) is committed to high standards of ethical conduct and accordingly places great importance on making clear any existing or potential conflict of interest.

This Conflict of Interest Policy has been developed to provide a framework for Directors to disclose actual, potential or perceived conflicts of interest. The policy provides guidance on what constitutes a conflict of interest and how it will be managed and monitored by AdAlta Limited.

Situations will arise as a consequence of the Board’s composition where a Director may have a conflict of interest. This may particularly be the case where Directors are appointed as the nominees HPIMR, ordinary members or where actual, potential or perceived conflict may arise between their duties as a Director of the Board to AdAlta Limited and competing interests with their Employer.

2. Definitions:

Conflict of Interest - exists when a Board member has a personal interest or duty to another party that is in conflict with the interests of AdAlta Limited, such that the Director may be influenced by this personal interest or duty when making a decision for AdAlta Limited. This may be an actual, potential or perceived conflict of interest. There are three categories of interests which could result in a conflict of interest:

- Personal Interests e.g. personal and family relationships;
- Financial Interests where a Board member stands to gain financially from any business dealings or services of the organization (except where the financial gain is of a nature common to other beneficiaries);
- External interests e.g. multiple roles such as affiliations with other non-government organizations that have a relationship with AdAlta Limited; other Board Directorships and appointments e.g. Public or Private companies (where the activities of that organization may be in direct conflict or competition with the activities of AdAlta Limited).

3. Scope:

The Conflict of Interest policy applies to the Directors of the Board whilst exercising their function as a Director of AdAlta Limited.

4. Purpose:

The purpose of this policy is to manage conflict of interest where the professional and personal interests of Directors may influence the performance of their duties on behalf of AdAlta Limited. This policy implements the conflict of interest provisions of the Constitution, the Board Charter, and the Corporations Act 2001 (*Cth*).

5. Policy:

Directors are required to disclose actual, potential or perceived conflicts of interest.

This includes any personal or outside interest, relationship or responsibility (legal, financial, corporate, ethical or otherwise) held by the Director with respect to any potential or actual transaction, agreement or other matter which is or may be presented to the Board for consideration, even if such interest, relationship or responsibility has otherwise generally been disclosed to AdAlta Limited or the Board.

A member of the Board of Directors who believe that another Board Director has an undeclared conflict of interest should specify in writing the basis of this potential conflict.

Where a Board Director has a conflict of interest that Director shall not initiate or participate in any Board discussion relating to that matter.

Where a Board Director has a conflict of interest that Director shall not vote on that matter.

6. Procedure:

Prior to a Board Director commencing their service with AdAlta Limited, the Director shall file with the Chair a list of business activities, involvements with other business organisations or other interests that might produce a conflict of interest. This information will be documented in the Conflict of Interest Register maintained by the Board secretariat.

Directors have an opportunity to declare any potential conflict of interests at the commencement of each Board meeting. Where a conflict of interest is disclosed, the Company Secretary will respond by:

- Recording in the minutes of the Board meeting a disclosure of a conflict of interest relating to the particular agenda item including the Director’s abstinence from voting or participating in any Board discussion;
- Recording in the minutes of the next Board meeting a Director’s conflict of interest made outside of Board meeting times;
- Recording declarations in the Conflict of Interest Register, including the nature and affiliation of the conflict, actions taken, and any reports considered by the Board on the conflict of interest matter.

7. References:

Board Charter

8. Review History:

Date	Author (s)	Amendment / Review	Date of Next Review	Position Responsible
July 2019	Company Secretary	First Issue	April 2021	Company Secretary

9. Keywords

Conflict of Interest
Director

ATTACHMENT F - DELEGATION AUTHORITY