

Corporate Governance Statement

The Board of Directors of Adherium Limited (**ADR or the Company**) is responsible for the corporate governance of the Company and its subsidiaries (**the Group**). The Board guides and monitors the business and affairs of the Company on behalf of the shareholders.

The table below summarises the Company's compliance with the Fourth Edition of the ASX Corporate Governance Council's Principles and Recommendations (**CGPR**).

PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

	Corporate Governance Council Recommendation	Compliance	Disclosure
1.1	A listed entity should have and disclose a board charter setting out: (a) The respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	Complies	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 or her to other senior executives.
1.2	A listed entity should: (a) undertake appropriate checks before appointing a director or senior executive, or putting someone forward for election as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	Complies	(a) The Board is responsible for ensuring it is comprised of individuals who are best able to discharge the responsibilities of Directors having regard to the law and the best standards of governance. (b) This will necessarily include undertaking background and other checks before appointing a person or putting them forward to security holders as a candidate for election as a Director, as well as providing all material information relevant to a decision for election as a Director. The qualifications, experience and special responsibilities of the Board members are set out in the Directors Report within the Annual Report for the period ended 30 June 2021.
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Complies	The Directors and senior executives have entered into written agreements setting out the terms of their appointment.
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	Complies	The Joint Company Secretaries are appointed by the Board and are responsible for developing and maintaining the appropriate governance systems and processes for the Board to fulfil its role and are responsible to the Board for ensuring compliance with Board procedures and governance matters. The Joint Company Secretaries are also responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX. The Joint Company Secretaries are Mark Licciardo and Rob Turnbull.

1.5	A listed entity should: (a) have and disclose a diversity policy; (b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and (c) disclose in relation to each reporting period: (1) the measurable objectives set for that period to achieve gender diversity; (2) the entity's progress towards achieving those objectives; and (3) either: (A) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (B) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.	Complies	(a) The Company recognises that people are its most important asset and is committed to the maintenance and promotion of workplace diversity. Diversity drives the Company's ability to attract, retain and develop the best talent, create an engaged workforce, deliver the highest quality services to its customers and continue to grow the business. In addition to business policies, practices and behaviours that promote diversity and equal opportunity and create an environment where individual differences are valued, the Board adopted a Diversity policy in July 2015, and reviewed this in the period to June 2021. This policy sets out minimum expectations to be met by the Group on workforce diversity. A copy of the Policy (as part of the Corporate Governance Policy) is available on the Investor section of the Group's website: www.adherium.com. (b) The strategies outlined below aim to achieve the objectives of this Policy by: • setting measurable objectives relating to gender at all senior management and leadership levels; • broadening the field of potential candidates for senior management and board appointments; and • increasing the transparency of the board appointment process. (c) The Board has set a number of objectives under the Policy, namely to: • continue to review gender diversity on the Board • continue to work to develop a balanced ratio of female management • optimise local talent in senior management and the workforce in established international markets; and • establish an effective measurement and reporting framework. The Policy objectives, and the Group's progress in achieving them, will be assessed on an annual basis. (3)(A) As a measurement of gender diversity, the proportion of women employees in the consolidated entity as at the date of this statement are as follows: Women on the Board: 0% Women in senior executive roles: 25% Women in management position: 63% Women in the organisation: 34% (3)(B) The Company is not a relevant employer under the Workplace Gender Equality Act.
-----	--	----------	--

1.6	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose for each reporting period, whether a performance evaluation has been undertaken in accordance with that process or in respect of that period.	Partially complies	(a) The Chairman has meetings with directors and selected senior executives to assess their views on performance and to identify any areas of concern or opportunity for improvement of performance of the Board and/or individual directors. The Chairman will provide a summary of his findings to the Nomination and Remuneration Committee and/or to the full Board and is responsible for ensuring that agreed actions are implemented. It is recognised that some findings will be of a sensitive nature and will not be included in the Chairman's report but will be acted upon by the Chairman on a one to one basis. This process is intended to be undertaken annually. (b) Following the death of the Chairman, Thomas Lynch, in March 2020, James Ward-Lilley was appointed a director and Chairman. Prior to his appointment Mr Ward-Lilley undertook meetings with Board members to assess skills and performance. Through the year Mr Bryan Mogridge and Mr Mike Motion resigned as directors, and Mr George Baran was appointed a director. With these changes a formal evaluation was not performed in the period, however an evaluation commenced in July 2021 and is underway.
1.7	A listed entity should: (a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and (b) disclose for each reporting period, whether a performance evaluation has been undertaken in accordance with that process or in respect of that period.	Complies	(a) The Board regularly reviews the performance of its senior executives and addresses any issues that may emerge from that review. The Board has authority to develop key performance indicators for management to assess the performance of each senior executive according to key performance criteria agreed to within the context of each executive's employment contract. (b) A performance evaluation was undertaken during this reporting period.

PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE

2.1	The board of a listed entity should: (a) have a nomination committee which: 1. has at least three members, a majority of whom are independent directors; and 2. is chaired by an independent director, and disclose: 3. the charter of the committee, 4. the members of the committee; and 5. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings: OR (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	Complies	The Nomination and Remuneration Committee is responsible for reviewing the remuneration of Directors and senior management and evaluation of senior management, making recommendations to the Board on these matters. This role also includes responsibility for recommendations to the Board on share and option schemes, incentive performance packages, superannuation entitlements, composition of the Board and the process and criteria for selection of new Directors and the CEO (or equivalent position). The Committee also has the responsibility to oversee the Company's general remuneration strategy. Remuneration levels are competitively set to attract the best qualified and experienced Directors and key management personnel appropriate to the size and stage of development of the Company. The Committee is authorised to obtain independent advice on the appropriateness of remuneration packages. Details of the amount of remuneration, and all monetary and non-monetary components, for each of the (non-Director) key management personnel and all Directors remuneration during the period is included in the Directors' Report within the Annual Report. Termination entitlements for key management personnel, if any, are also contained in the report. The Nomination and Remuneration Committee is responsible for identifying qualified individuals for appointment to the Board. In identifying candidates, the Nomination and Remuneration Committee will have regard to the selection criteria set out in the board appointment process, which will include: ▪ skills, expertise and background that add to and complement the range of skills, expertise and background of the existing Directors; ▪ diversity; and ▪ the extent to which the candidate would fill a present need on the Board Remuneration levels are competitively set to attract the best qualified and experienced Directors and key management personnel appropriate to the size and stage of development of the Company. The Committee is authorised to obtain independent advice on the appropriateness of remuneration packages. (a) 1. The Committee has three members, all of whom are independent non-executive Directors. 2. The Nomination and Remuneration Committee is chaired by an independent Director. 3. A copy of the Nomination and Remuneration Committee Charter is contained within the Corporate Governance Policy, which is available on the Company's website www.adherium.com. 4. The Nomination and Remuneration Committee is comprised of Jeremy Curnock Cook (Chair), James Ward-Lilley and Matthew McNamara. 5. The number of meetings held by the Committee is detailed in the Directors Report within the Annual Report.
-----	---	----------	---

2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills that the board currently has or is looking to achieve in its membership.	Complies	The Company supports the appointment of Directors who bring a wide range of business and professional skills and experience, and considers a Director's attributes prior to any appointment. The qualifications, skills, experience and expertise relevant to the position of Director held by each Director in office at the date of the annual report and their attendance at Board and Committee meetings is included in the Directors' Report within the Annual Report, and a Board Skills matrix is available on the Group's website: www.adherium.com .
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendations but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	Complies	a) The names of independent directors is disclosed in the Director's Report within the Annual Report. b) Mr McHarrie has an association with significant shareholders through his capacity as an adviser to BioScience Managers Pty Ltd. BioScience Managers oversees investments by significant shareholders. The Board is of the opinion that this does not compromise the independence of Mr McHarrie as, to the best of the Board's knowledge, the director is not involved in decision making by either BioScience Managers or the shareholders, and the value of the advisory services provided is not material. In addition, Mr Curnock Cook has an association with significant shareholders through his capacity as Managing Director of BioScience Managers Pty Ltd. The Board is of the opinion that this does not compromise the independence of Mr Curnock Cook as, to the best of the Board's knowledge and based on advice received, the director is not involved in decision making by the shareholders, and also does not control BioScience Managers Pty Ltd. c) The length of service is detailed in the Director's Report within the Annual Report.
2.4	A majority of the board of a listed entity should be independent directors.	Complies	The majority of the Board's Directors are considered independent.
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	Complies	Mr James Ward-Lilley is Chairman of the Company and is considered independent, and is not the Chief Executive Officer of the Company.
2.6	A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.	Complies	The Board's induction program provides incoming Directors with information that will enable them to carry out their duties in the best interests of the Company. New directors are encouraged to spend time with the management team and receive Information Packages and documentation pertinent to the role. This includes supporting ongoing education of Directors for the benefit of the Company. Members of the Board are able to take independent professional advice at the expense of the Company.

PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY

3.1	A listed entity should articulate and disclose its values.	Complies	The Company discloses its vision and values on its website at www.adherium.com .
3.2	A listed entity should: (a) have and disclose a code of conduct for its directors, senior executives and employees; and (b) disclose that the board or a committee of the board is informed of any material breaches of that code.	Complies	(a) The Board has adopted a Code of Conduct. The code establishes a clear set of values which emphasise a culture encompassing strong corporate governance, sound business practices and good conduct from an ethical standpoint. The code is contained within the Corporate Governance Policy, available on the Company's website www.adherium.com . (b) The Code of Conduct mandates that the Board will be informed of and review any material breach of the Code of Conduct.
3.3	A listed entity should: (a) have and disclose a whistleblower policy; and (b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy	Complies	(a) The Board has adopted a Whistleblower Policy. The policy sets out the procedures and protections for disclosable matters and discloses, and is available on the Company's website www.adherium.com . (b) The policy mandates that the results of an investigation of any material incident be reported to the Company's Audit & Risk Committee.
3.4	A listed entity should: (a) have and disclose an anti-bribery and corruption policy; and (b) ensure that the board or committee of the board is informed of any material breaches of that policy.	Complies	(a) The Board has adopted an Anti-bribery and Corruption Policy. The policy establishes a clear set of guidelines regarding bribery and corruption. The policy is contained within the Corporate Governance Policy, available on the Company's website www.adherium.com . (b) The policy mandates that the Board will be informed of and review any material breach of the policy.

PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING

4.1	A listed entity should: (a) have an audit committee which: 1. has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and 2. is chaired by an independent director, who is not the chair of the board; and disclose: 3. the charter of the committee; 4. the relevant qualifications and experience of the members of the committee; and 5. in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; OR (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	Complies	(a) The Board has established an Audit and Risk Committee to focus on issues relevant to the integrity of the Company's financial reporting and provides the Board with additional assurance regarding the reliability of financial information for inclusion in the financial statements. 1. The Audit and Risk Committee is comprised of Bruce McHarrie (Chair), Matthew McNamara and James Ward-Lilley, all of whom are independent non-executive Directors. 2. The Audit and Risk Committee is chaired by an independent Director 3. The Audit and Risk Charter is contained within the Corporate Governance Policy, available on the Company's website www.adherium.com 4. In accordance with the information suggested in <i>Guide to Reporting on Principle 4</i>, the Company has disclosed full details of its Directors in the Directors' Report within the Annual Report including each Director's qualifications, and their membership of the committee. (b) The number of meetings held and attendance by the Committee is detailed in the Directors Report within the Annual Report.
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	Complies	Following a recommendation by the Audit and Risk Committee to the Board of Directors to approve the annual and half year financial accounts, the Chief Executive Officer and Chief Financial Officer (or equivalent positions) state in writing to the Board that the Company's Financial Reports present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards; and that this statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board.

4.3	A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.	Complies	As disclosed in the Corporate Governance Policy (available on the Company's website at www.adherium.com) the Company has adopted a Communications and Disclosure Policy specifying processes to ensure the Company complies with continuous disclosure requirements and the accuracy of those disclosures. This includes ensuring the Company Secretary is made aware of any information disclosures in advance.
-----	--	----------	---

PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE

5.1	A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under the Listing Rules 3.1.	Complies	The Company has adopted a Board Charter which contains the Continuous Disclosure policy. The policy ensures that it complies with the continuous disclosure regime under the ASX Listing Rules and the Corporations Act 2001. The Company's Board Charter which contains the Continuous Disclosure policy is contained within the Corporate Governance Policy, available on the Company's website www.adherium.com .
5.2	A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.	Complies	The Board has adopted a Disclosures to the Investment Community Policy. The policy requires that directors are registered under the Company's ASX online portal to receive notification of all market announcements. The policy is contained within the Corporate Governance Policy, available on the Company's website www.adherium.com .
5.3	A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.	Complies	The Company discloses investor update and presentation materials via the ASX Market Announcements Platform in accordance with its Continuous Disclosure policy, which is contained within the Corporate Governance Policy, available on the Company's website www.adherium.com .

PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS

6.1	A listed entity should provide information about itself and its governance to investors via its website.	Complies	The Company has adopted a shareholder communication strategy which is contained within the Corporate Governance Policy, available on the Company's website www.adherium.com . The Company uses its website www.adherium.com , annual report, market disclosures and media announcements to communicate with its shareholders, as well as encouraging participation at general meetings.
6.2	A listed entity should have an investor relations program that facilitates two-way communication with investors.	Complies	The Company is committed to: - ensuring that shareholders and the financial markets are provided with full and timely information about the Company's activities in a balanced and understandable way through the annual and half yearly reports, ASX releases, general meetings and the Company's website www.adherium.com; - actively responding to shareholder's direct enquiries; - complying with continuous disclosure obligations contained in the applicable ASX Listing Rules and the Corporations Act in Australia; and - encouraging shareholder participation at general meetings. The Company's shareholder communications strategy is contained within the Corporate Governance Policy, available on the Company's website www.adherium.com.
6.3	A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.	Complies	The Board encourages full participation of shareholders at the Company's annual general meetings and any general meetings to ensure a high level of accountability and identification with the Company's strategy. The external auditor is also invited to attend the annual general meeting of shareholders and will be available to answer any questions concerning the conduct, preparation and content of the auditor's report. The Company's shareholder communications strategy is contained within the Corporate Governance Policy, available on the Company's website www.adherium.com.
6.4	A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.	Complies	The Company's shareholder communications strategy contained within the Corporate Governance Policy notes that substantive resolutions at a meeting of shareholders will be decided by a poll. During the period to 30 June 2021, the Company held two shareholder meetings, at which all resolutions were decided by poll voting.
6.5	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Complies	The Company's share registrar, Computershare, provides the option for shareholders to receive and send communications electronically. Shareholders are encouraged to create an online account at https://www-au.computershare.com/investor .

PRINCIPLE 7 – RECOGNISE AND MANAGE RISK

7.1	The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; OR (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	Complies	Ultimate responsibility for risk oversight and risk management rests with the Board. (a) The Audit and Risk Committee is responsible for ensuring that risks and mitigation of these risks are identified on a timely basis and that the Group's objectives and activities are aligned with the risks and opportunities identified by the Committee and the Board of Directors. 1. The Audit and Risk Committee has three members, all of whom are independent non-executive Directors. 2. The Audit & Risk Committee is chaired by an independent Director. 3. The Audit & Risk Committee Charter is contained within the Corporate Governance Policy, available on the Company's website www.adherium.com. 4. The Audit and Risk Committee is comprised of Bruce McHarrie (Chair), Matthew McNamara and James Ward-Lilley. 5. The number of meetings held by the Committee is detailed in the Directors' Report.
7.2	The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	Complies	(a) The Company undertakes analyses of its current policy on risk oversight and management designed to promote a culture of risk control throughout the Company. The Board reviews and oversees the operation of systems of risk management at least annually to ensure that the significant risks facing the Company are identified, that appropriate control, monitoring and reporting mechanisms are in place and that risk is appropriately dealt with. The Board monitors risk management with assistance from the Audit and Risk Committee to ensure it continues to be sound and is operating with due regard to the risk appetite set by the board. (b) The overall risk management framework and business risks were reviewed during the reporting period.

7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; OR (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its governance, risk management and internal control processes.	Complies	Until the reorganisation in December 2018, the internal audit function provided an independent assessment of risk and compliance with internal controls, with processes to ensure that appropriate follow up actions are taken in relation to significant audit findings and identified areas of risk. Following the December 2018 reorganisation, the scale of the organization does not support a separate internal audit function and accordingly the Board has implemented procedures whereby the independent chair of the Audit & Risk Committee is involved to a greater degree in directly monitoring compliance with internal control at the transaction level. The intention is to re-establish the internal audit function when the scale of the organisation allows. The Audit and Risk Committee and Board continues to monitor the Company's analysis of and response to risks as conducted by management.
7.4	A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.	Complies	The Company has identified key risks within the business. There are no material identified environmental or social risks, however in the ordinary course of business, management monitor and manage business risks. Key operational and financial risks are presented to and reviewed by the Board.

PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY

8.1	The board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; <u>OR</u> (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	Complies	The Board has a Nomination and Remuneration Committee as referenced in item 2.1. 1. The Committee has three members, all of whom are independent non-executive Directors. 2. The Nomination and Remuneration Committee is chaired by an independent Director. 3. A copy of the Nomination and Remuneration Committee Charter is contained within the Corporate Governance Policy, which is available on the Company's website www.adherium.com. 4. The Nomination and Remuneration Committee is composed of Jeremy Curnock Cook (Chair), James Ward-Lilley and Matthew McNamara. 5. The number of meetings held by the Committee is detailed in the Directors Report within the Annual Report.
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	Complies	The details of and practices regarding the remuneration paid to Directors and Officers are included in the Remuneration Report section of the Annual Report.

8.3	A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	Complies	(a) The Company has a Policy for dealing in securities and Directors and employees must not create, enter into or deal in derivatives, a derivative arrangement or margin calls in relation to Company securities at any time. (b) A copy of the Policy for dealing in securities is contained within the Corporate Governance Policy, available on the Company's website www.adherium.com.
-----	--	----------	---

Unless otherwise indicated, Adherium's corporate governance practices were in place for the financial year ended 30 June 2021 and to the date of signing the Directors' Report within the Annual Report.

Various corporate governance practices are discussed within this statement. For further information on corporate governance policies adopted by the Company, refer to our website www.adherium.com.