

Factor Therapeutics Limited

Board Charter

Adopted by the Board on 28 June 2016

1. Purpose

The purpose of this Board Charter is to specify how Factor Therapeutics Limited (**Factor, FTT or Company**) (ACN 101 955 088) is governed so as to promote Factor and protect the interest of shareholders.

The Board is responsible for the governance of Factor. This Charter sets out the role, responsibilities, membership and operation of the Board.

2. Role and responsibilities of the Board

2.1 Role of the Board

The Board is ultimately responsible for the sound and prudent management of the Company. As such, the role of the Board is to provide effective and good governance over the Factor's affairs to ensure the interests of shareholders are protected and the confidence of the investment market is maintained, whilst having regard to the best interest of all stakeholders, including shareholders, customers, suppliers, employees and local communities

2.2 Responsibilities of the Board

The Board is responsible for:

- a. providing leadership and setting the strategic objectives of the Company;
- b. appointment of the Chairman;
- c. appointment and/or removal of the Managing Director/Chief Executive Officer and Company Secretary, and monitoring the succession plan;
- d. assisting the CEO in the appointment and replacement of senior executives;
- e. oversight of the Company's operations with a view to ensuring that the Company:
 - i. is financially sound;
 - ii. meets regulatory requirements;
 - iii. maintains high business standards, ethical conduct and fosters a culture of compliance and accountability;
 - iv. has a process in place for the maintenance of the integrity of internal controls, risk management, delegations of authority and financial and management information systems;
- f. reviewing and approving the corporate strategy/business plans and the budget;
- g. ensuring diversity policy is in place, and reviewing and approving measurable objectives for diversity;
- h. promoting effective engagement with shareholders and providing them with appropriate information and facilities to allow them to exercise their rights as shareholders effectively;
- i. overseeing management's implementation of the Company's strategic objectives and its performance generally;
- j. approving operating budgets & major capital expenditures;
- k. overseeing the integrity of the Company's accounting and corporate reporting systems, including the external

audit;

- l. overseeing the entity's process for making timely and balanced disclosure of all material information concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities;
- m. ensuring that the Company has in place an appropriate risk management framework and setting the risk appetite within which the Board expects management to operate;
- n. approving the Company's remuneration framework;
- o. monitoring the effectiveness of the Company's governance practices; and
- p. any other matters reserved for the Board as required by the ASX Corporate Governance Council and the Company's Constitution.

The Board may delegate some of the matters to a committee of the Board, with the Board retaining the ultimate oversight and decision-making power in respect of the matters so delegated.

3. Chairman

3.1 Independent Chairman

The Board shall appoint a Chairman in accordance with the Constitution and the following shall be followed when electing the Chairman:

- a. the Chairman shall be an independent non-executive director;
- b. the roles of the Chairman and Chief Executive Officer/Managing Director shall not be exercised by the same individual; and
- c. the Chairman shall not have been in the position of Chief Executive Officer/Managing Director of the Company at any time.

3.2 Responsibilities of Chairman

The Chairman is responsible for leading the Board and ensuring that it is operating to the highest governance standards so as the Board functions effectively. In performing this role the Chairman's responsibilities include:

- a. setting the agenda for each meeting in consultation with the CEO and the Company Secretary, to be considered by the Board. Any Director may request that an item be added to the agenda;
- b. chairing Board meetings and shareholder meetings;
- c. leading the Board in reviewing and discussing Board matters;
- d. facilitating open and constructive communications between Board members and encouraging their contribution to Board deliberations;
- e. briefing all directors in relation to issues arising at Board meetings;
- f. maintaining effective communication between the Board and management;
- g. reviewing corporate governance matters with the Company Secretary and reporting on those matters to the Board; and
- h. exercising such specific and express powers as are delegated to the Chairman by the Board from time to time.

4. Delegations of Authority

4.1 Delegation to Board Committees

Under the Factor's Constitution, the Board may delegate responsibility to committees in accordance with the Constitution.

The Board has established the following standing committees to assist in carrying out its business:

- a. Audit and Risk Management Committee;
- b. People and Remuneration Committee; and
- c. Nomination Committee.

The Board shall adopt separate Charters for each standing committee setting out matters relevant to the composition, duties, responsibilities and administration of such committees. The charters shall be reviewed on annual basis.

The Board may also establish other committees from time to time to consider other matters of special importance.

Directors are entitled to attend committee meetings and receive committee papers. Committees will maintain minutes of their meetings and have access to sufficient resources to carry out their duties effectively. The chair of each committee will report back to the Board on decisions and actions taken within the scope of the Committee's delegated authority, and make appropriate recommendations.

4.2 Delegation to CEO and Management

The Board delegates to the CEO all powers to manage the day-to-day affairs of the Company, subject to those powers reserved for the Board and any specific delegations of authority approved by the Board. The CEO is accountable to the Board for the authority that is delegated and for the performance of the Company.

5. Conflict of interest

All Board members are required, as a continuing obligation, to immediately notify the Board in writing and declare at the following Board meeting, of any actual or potential conflicts of interest or any circumstances that may affect a Board member's level of independence.

Where a director has an actual, potential or perceived conflict in a matter being considered by the Board, the director shall not:

- a. receive any Board documentation in relation to that matter;
- b. attend any part of a Board meeting on that matter; and
- c. vote on that matter,

unless the Board Chairman determines otherwise.

6. Code of conduct

Each member of the Board shall abide by the terms of the Factor's Code of Conduct in all dealings with and on behalf of the Company.

7. Membership

7.1 Composition

The Board is responsible for determining the appropriate mix of skills, knowledge, experience, expertise and diversity of the Board, upon recommendation from the Nomination Committee.

7.2 Size and structure

The Board shall comprise no more than ten directors and no less than three directors or such other numbers as the Company constitution allows, of whom a majority must be independent, non-executive directors.

7.3 Independence of Directors

A director is considered to be independent by Factor if the director is a non-executive director who is not a member of management and is free of any interest, position, association or relationship that might influence or be perceived to influence, in a material respect, the independent exercise of their judgment.

A director who:

- a. is, or has been employed in an executive capacity by the Company or its subsidiaries and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- b. is, or has been within the last three years been, a partner, director or senior employee of a provider of material professional services to the Company or its subsidiaries;
- c. is, or has been within the last three years, in a material business relationship with the Company or its subsidiaries, or an officer of, or otherwise associated with, someone with such a relationship;
- d. is a substantial shareholder of the Company, or an officer of, or otherwise associated with, a substantial shareholder of the Company;
- e. has a material contractual relationship with the Company or its subsidiaries other than as a director;
- f. has close family ties with any person who falls within any of the categories described above; or
- g. has been a director of the Company for such a period that his or her independence may have been compromised;

will not be considered independent, unless the Board is satisfied on reasonable grounds that the director is independent.

When a director is or becomes aware of any information, facts or circumstances which will or may affect that director's independence, the director must immediately disclose all relevant details in writing to the Chairman and the Company Secretary. The Board will regularly assess the independence of each director in light of disclosures made.

7.4 Appointment and re-election of directors

The Board, with the assistance from the Nomination Committee, is responsible for the selection and appointment of new directors, either to fill a casual vacancy or as an addition to the Board, but within the limit of total number of directors specified in the Company's Constitution. Any Director appointed either to fill a casual vacancy or as an addition to the Board, may hold office only until the next annual general meeting of the Company and is then stand for election by shareholders.

At appointment, directors receive a formal letter of appointment setting out the key terms of their appointment.

Directors must retire from office in accordance with the Constitution and ASX Listing Rules. Retiring directors may be eligible for re-election.

8. Board Meetings and Processes

8.1 Meetings

The Board shall formally meet at regularly scheduled intervals throughout the course of each year. Additional board meetings may be convened as special meetings as and when required.

The Chairman must call a meeting of the Board if requested by any member of the Board, CEO, or Company Secretary. Board members may attend meetings in person or by electronic means.

In cases where circumstances make it impractical to convene and hold a meeting, the Board may pass resolutions by each member signing a circular resolution, unless the Board Chairman specified otherwise.

8.2 Quorum

A quorum will comprise any two independent Board members.

8.3 Attendance by management and advisers

The Chairman may invite CEO, CFO, other senior executives, and external advisers to attend meetings or part of the meetings of the Board.

8.4 Notice, agenda and papers

The Secretary will be responsible for circulating the notice, agenda and papers a reasonable period in advance of each meeting as agreed by the Chairman, and preparing and circulating the minutes of meetings to the Board members as soon as practicable after each meeting.

8.5 Minutes

The Secretary will be responsible to keep books of minute to record the proceedings and resolutions of the Board meetings, including the names of those present.

8.6 Access to management, information and advisers

The Board has direct and unlimited access to executives or any other officer or employee of the Company, as well as the External Auditor, in order to discharge its role and undertake its duties.

The Board also has the authority to:

- a. access Company's documents and records;
- b. require management or others to attend meetings and to provide any information or advice that the Board requires; and
- c. obtain independent opinions and engage independent experts where it considers necessary to carry out its duties.

9. Board Performance Evaluation

The Nomination Committee will coordinate the performance evaluation of the Board as a whole, its Committees, the Chairman, individual directors and the governance processes. They will be conducted periodically as the Board considers appropriate.

10. Company Secretary

The Company is required to have at least one Company Secretary, who is accountable directly to the Board, through the Chairman, for all corporate governance matters that relate to the Board's proper functioning. The appointment and removal of the Company Secretary is subject to Board approval.

Each director has a right of access to the Company Secretary at all times.

The role of the Company Secretary includes:

- a. advising the Chairman, and through the Chairman, the Board and individual Directors on all corporate governance matters;
- b. monitoring that Board and Committee policy and procedures are followed;
- c. organising Board and Committee meetings and director attendance;
- d. coordinating the timely completion and dispatch of the Board and Committee papers;
- e. ensuring that the business at Board and Committee meetings is accurately captured in the minutes; and
- f. liaising with regulatory authorities as required.

11. Review and Publication of Charter

The Board will review this charter from time to time to ensure that it meets best practice standards, complies with the ASX Corporate Governance Principles and Recommendations and meets the needs of the Company and the Board. This Charter shall be amended by resolution of the Board.

This Charter will be made available on Factor's website.