



ENVIRONMENTAL  
SOCIAL GOVERNANCE

# ESG Report

11 September 2024

**Arovella Therapeutics Limited**  
**ABN 35 090 987 250**

[www.arovella.com](http://www.arovella.com)  
ASX: ALA

# Environmental, Social, and Governance (ESG)

Arovella Therapeutics ("ALA" or the "Company") is committed to the principles of ESG as the most effective means of creating long-term enterprise value and addressing the societal priorities enshrined in the United Nations' Sustainable Development Goals. In July 2021, we commenced reporting on the Environmental, Social, and Governance (ESG) disclosures of the Stakeholder Capitalism Metrics (SCM) of the World Economic Forum (WEF). We are pleased to present our third report demonstrating our commitment to ESG principles.

We continue to make progress for our disclosures in the form of a set of universal, comparable ESG metrics focused on people, planet, prosperity and principles of governance that organisations can report on regardless of industry or region.

We use this universal ESG framework to align our mainstream reporting on performance against ESG indicators. By integrating ESG metrics into our governance, business strategy, and performance management process, we diligently consider all pertinent risks and opportunities in running our business. We continue to look for opportunities for further transparency on the topics which are material to our business.

## Governance

### SETTING PURPOSE

Arovella is developing unique therapies to help people live longer and healthier lives.

### GOVERNANCE BODY COMPOSITION

The Company is governed by its Board of Directors and Committees of the Board.

Full details of the directors' expertise and experience, tenure, committee roles, meeting attendance, other significant positions and commitments and remuneration are set out in the Annual Report (refer to the link below).

The role of the Board, its committees and the directors' skills and experience is expanded further in the annual Corporate Governance Statement and Appendix 4G Key to Disclosures relating to ASX Corporate Governance Council Principles and Recommendations.

SEE ALSO:

[Leadership Team](#)

[Annual Report](#)

[Corporate Governance](#)

## MATERIAL ISSUES IMPACTING STAKEHOLDERS

The Company is reviewing stakeholder mapping for disclosure in a future ESG report.

## ANTI-CORRUPTION PRACTICES

The Company is committed to the highest standard of honesty and integrity. The Company's commitment to the highest ethical standards includes strict compliance with applicable anti-bribery and corruption laws in Australia and overseas, acting in an ethical manner and acting with honesty, integrity, fairness and respect.

This commitment is reflected in the statement of values of the Company, and the Company's Anti-Bribery and Anti-Corruption Policy (refer link below).

SEE ALSO:

[Anti-Bribery and Anti-Corruption Policy](#)

## RISK AND OPPORTUNITY OVERSIGHT

The Board is committed to the identification, assessment and management of risk throughout the Company's business activities. The Board recognises that risk management is an essential element of good corporate governance and fundamental in achieving its strategic and operational objectives. The Company's Risk and Audit Committee reviews the Company's risk management framework annually to satisfy itself that it continues to be sound, as reported in the annual Corporate Governance Statement.

SEE ALSO:

[Corporate Governance Statement](#)

## MECHANISMS TO PROTECT ETHICAL BEHAVIOUR

The Company is committed to the highest standards of honesty and ethical practices in all aspects of the Company's operations. This is documented in the Company's Code of Conduct and supported by the Company's Whistleblower Policy (refer links below).

During the previous three financial years, the Company has not reported any incidents of bribery or corruption, nor has it had any monetary losses from unethical behaviour. It has made no political donations and received no whistleblower complaints.

SEE ALSO:

[Code of Conduct](#)

[Whistle Blower Policy](#)

# Planet

## GHG EMISSIONS

The Company does not consider GHG emissions to be a material stakeholder capitalism metric at this time, due to its small workforce and virtual operating model. The Company considers airline travel its highest GHG contribution and has therefore set a target for FY2024 and beyond to always purchase carbon offsets for flights. For FY2024 the Company purchased carbon offsets for all employee flights, offsetting a total of 21.7 tonnes of carbon emissions.

## LAND USE AND ECOLOGICAL SENSITIVITY

The Company does not consider land use and ecological sensitivity to be a material stakeholder capitalism metric at this time, as it operates from small offices in urban areas.

## WATER CONSUMPTION

The Company does not consider water consumption to be a material stakeholder capitalism metric at this time, due to its small workforce and limited urban office-space footprint.

## TCFD IMPLEMENTATION

The Company does not consider TCFD implementation to be a material stakeholder capitalism metric at this time, due to its small workforce and limited office-space footprint.

# People

## DIVERSITY AND INCLUSION

The Company recognises the benefits arising from employee, senior management and Board diversity, including a broader pool of high-quality employees, improving employee retention, accessing different perspectives and ideas and benefiting from all available talent.

Diversity includes, but is not limited to, an individual's race, ethnicity, gender, sexual orientation, age, physical abilities, educational background, socioeconomic status, and religious, political or other beliefs.

Arovella is proud to have 40% female Directors and equal representation of females and males (50%:50%) in Senior Executive roles.

SEE ALSO:

[Diversity Policy](#)

[Corporate Governance Statement](#)

## HEALTH AND SAFETY

As a specialist biotechnology company, Arovella has effective workplace health and safety practices. The Company will report on health and safety statistics in a future ESG report. The Company has never reported a work-related fatality.

## TRAINING PROVIDED

As a specialist biotechnology company with a small, highly educated and specialist team, training is not a material stakeholder capitalism metric for the Company. However, the Company recognizes the importance of continual improvement and therefore supports individuals to maintain their continuing professional development and to remain up-to-date with advances in their respective fields. The Company set a target of 7 hours of professional development per staff member for FY2024 and beyond. During FY24, employees completed an average of 24 hours of professional development, mainly via attendance at relevant scientific conferences.

## PAY EQUALITY

The Company pays men and women equally in like for like roles, taking into account responsibilities and geographic location.

During FY2024, the average female salary was 71% of the average male salary.

## WAGE LEVEL

As a specialist biotechnology company with a small, highly educated and specialist team, wage parity is not a material stakeholder capitalism metric for the Company. However, the Company notes that the ratio of the CEO's total annual salary to the median total annual salary of all other employees for FY2024 was only 1.5:1.

## CHILD, FORCED OR COMPULSORY LABOUR

The Company considers child, forced and compulsory labour to be abhorrent. As a specialist biotechnology company with a small, highly educated and specialist team, the Company has no direct exposure to child, forced or compulsory labour. The Company is below the A\$100 million revenue threshold to report under the Modern Slavery Act in Australia.

# Prosperity

## RATE OF EMPLOYMENT

With less than ten employees during the reporting period, the Company does not consider it worthwhile to perform further employment analysis at this time.

## TOTAL R&D EXPENSES

As a specialist biotechnology company, research is fundamental to the Company, and is comprehensively disclosed in the Annual Report. In FY2024, the Company spent \$6.7 million on R&D (including employee costs), representing 63% of its overall expenses (excluding write-downs of intangible assets, amortization and depreciation).

SEE ALSO:

[Annual Report](#)

## TOTAL TAX PAID

The Company reports income tax in its Annual Report.

SEE ALSO:

[Annual Report](#)

## ECONOMIC CONTRIBUTION

As a specialist biotechnology company, economic contribution is not considered a material stakeholder capitalism metric. This will be reviewed as the Company grows.

SEE ALSO:

[Annual Report](#)

## FINANCIAL INVESTMENT CONTRIBUTION

The Company's Annual Report includes full disclosure of research, capital expenditures, depreciation and amortisation.

SEE ALSO:

[Annual Report](#)



## ESG PERFORMANCE DATA

Metric	Notes <sup>1</sup>	Unit <sup>2</sup>	FY2023	FY2024	Target
<b>Governance</b>					
<b>Governance performance</b> reported in Annual Report and Corporate Governance Statement (CGS).			<a href="#">Annual Report CGS</a>	<a href="#">Annual Report CGS</a>	
<b>Governance compliance</b> with ASX Corporate Governance Council Principles and Recommendations	3	%	100	100	100
<b>Anti-corruption</b> Bribery and corruption incidents reported or identified		#	Nil	Nil	Nil
<b>Monetary losses from</b> unethical behaviour	4	\$	0	0	0
<b>Political Donations</b>		\$	0	0	0
<b>Whistle-blower complaints</b>		#	0	0	n/a
<b>Planet</b>					
<b>Carbon offset</b> purchased for flights		%	Not measured	100	100
<b>Greenhouse Gas (GHG) emissions</b>	5		Refer note	Refer note	
<b>TCFD implementation</b>	6		Refer note	Refer note	
<b>Land use</b> and ecological sensitivity	7		Refer note	Refer note	
<b>Water consumption</b> and withdrawal in water-stressed areas	8		Refer note	Refer note	

<sup>1</sup> Selected relevant metrics from World Economic Forum Report Measuring Stakeholder Capitalism: Towards Common Metrics and Consistent Reporting of Sustainable Value Creation, <https://www.weforum.org/stakeholdercapitalism/our-metrics>, 8.11.2022.

<sup>2</sup> All currency in Australian dollars (AUD).  
“#” = number.

<sup>3</sup> Compliance assessed on ‘if not why not’ basis per ASX Corporate Governance Council Principles and Recommendations

<sup>4</sup> Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behaviour, market manipulation, malpractice, or violations of other related industry laws or regulations.

<sup>5</sup> The Company does not consider GHG emissions to be a material stakeholder capitalism metric at this time, due to its small workforce and limited office-space footprint.

<sup>6</sup> The Company does not consider TCFD implementation to be a material stakeholder capitalism metric at this time, due to its small workforce and limited office-space footprint.

<sup>7</sup> The Company does not consider land use and ecological sensitivity to be a material stakeholder capitalism metric at this time, as it operates from small offices in urban areas.

<sup>8</sup> The Company does not consider water consumption to be a material stakeholder capitalism metric at this time, due to its small workforce and limited urban office-space footprint.

## ESG PERFORMANCE DATA

Metric	Notes <sup>1</sup>	Unit <sup>2</sup>	FY2023	FY2024	Target
<b>People</b>					
<b>Diversity and inclusion</b>					
Directors					
• Female			33	40	50
• Male	9	%	67	60	50
Senior Executive Management					
• Female			50	50	50
• Male			50	50	50
<b>Pay equality</b>					
Ratio of the basic salary and remuneration for all employees: women to men, expressed as a percentage	10	%	144	71	100
<b>Wage level</b>					
Ratio of CEO's total annual salary to median total annual salary of all employees (excluding the CEO)	10	#	1.6	1.5	NA
<b>Risk for incidents of child, forced or compulsory labour</b>					
Identified cases of child, forced or compulsory labour in company or direct suppliers.		#	Nil	Nil	Nil
<b>Health and Safety</b>					
• Recordable work-related injuries		#	Nil	Nil	Nil
<b>Training provided</b>					
• Average hours of training per person	11	Hrs	Not measured	24	7
• Average training and development expenditure per full time employee		\$	Not measured	Not measured	NA
<b>Discrimination and Harassment</b>					
• Number of incidents		#	Nil	Nil	Nil
• Total amount of monetary losses as a result of legal proceedings associated with law violations and employment discrimination.		\$	0	0	0

<sup>9</sup> Ratios calculated as at 30 June. Senior Executive Management includes CEO and COO.

<sup>10</sup> Includes consultants involved in day-to-day management of the Company.

<sup>11</sup> Average hours of training per person that the organization's employees have undertaken during the reporting period (total number of training hours provided to employees divided by the number of employees)



## ESG PERFORMANCE DATA

Metric	Notes <sup>1</sup>	Unit <sup>2</sup>	FY2023	FY2024	Target
<b>Prosperity</b>					
<b>Employment</b>					
• new employee hires	12	#	4	2	NA
• employee turnover		%	80	14	<10%
<b>Economic Contribution</b>					
a. Revenue					
b. Operating costs		\$	Refer Annual Report	Refer Annual Report	
c. Employee wages and benefits					
d. Payments to providers of capital					
<b>Total R&amp;D expenses</b>					
Total costs related to research and development, including employee benefits expense		\$	5,483,154	6,735,324	NA

<sup>12</sup> The high level of employee turnover in FY2023 was due to the closure of the Perth based R&D facility as part of a strategic restructure.