

ASX Release

31 August 2023

AROVELLA'S 2023 ESG REPORT**Highlights**

- Arovella presents its annual Environmental Social Governance (ESG) Report
- Arovella continues to prepare its ESG disclosure in alignment with the World Economic Forum Stakeholder Capitalism ESG Framework to better identify material risks and growth potential, leading to better-informed decisions and business outcomes.

MELBOURNE, AUSTRALIA 31 August 2023: Arovella Therapeutics Ltd (ASX: ALA), a biotechnology company focused on developing its invariant Natural Killer T (iNKT) cell platform is pleased to present its Environmental Social Governance (ESG) Report (also known as the 'Sustainability Report'). The Report responds to the 21 core metrics identified by the World Economic Forum (WEF) in its stakeholder capitalism framework¹.

CEO and MD Dr Michael Baker commented:

"We commenced our Environmental, Social, and Governance (ESG) journey in 2022. We remain committed to including ESG reporting as a tangible focus for the Company and to embody its principles to run the Company in a way that continuously puts our best foot forward."

Over the last 12 months, we have continued to see the value in ESG considerations as they enable us to better identify material risks and growth potential, leading to better-informed decisions and business outcomes. We believe that our commitment to ESG creates a consistent and measurable approach that helps us build a more prosperous and fulfilled society and a more sustainable relationship with our planet.

Since our first ESG Report, we have made significant progress developing our life-changing therapeutics. We continue to use the ESG framework to ensure that, despite being small, we remain an important contributor to society and to bettering the world around us. It is important to us that we are working towards our goals in a way that is inclusive and environmentally friendly. We remain excited to continue on our ESG journey."

CONTINUING ESG REPORTING

Arovella continues to chart its course to build resilience and enhance its social licence through a greater commitment to long-term, sustainable value creation that embraces the wider demands of people, planet and shared prosperity.

UNIVERSAL ESG METRICS

Arovella continues its ESG reporting journey by making disclosures against the World Economic Forum (WEF) Stakeholder Capitalism framework. The WEF framework is a set of common metrics for

¹ www3.weforum.org/docs/WEF_IBC_Measuring_Stakeholder_Capitalism_Report_2020.pdf

sustainable value creation captured in 21 core ESG disclosures. The Board of Arovella has resolved to use this universal ESG framework to align mainstream reporting on performance against ESG indicators.

As one example, the WEF framework highlights that we have assembled a very diverse team, in gender and culture.

Arovella has adopted the WEF Stakeholder Capitalism Metrics as the most appropriate ESG disclosure framework to start its ESG journey. The Stakeholder Capitalism framework leverages a variety of existing frameworks and is intentionally built to be a steppingstone to begin building capacity and capability in ESG reporting. The WEF framework is organised into four 'pillars', being Governance, Planet, People and Prosperity. The metrics cover core ESG matters of governance, anti- corruption practices, ethical behaviour, human rights, carbon emissions, land use, ecological sensitivity, water consumption, diversity and inclusion, pay equality and tax payments.

By including ESG metrics in mainstream reporting and integrating them into governance, business strategy, and performance management process, Arovella sets out to demonstrate that it diligently considers all pertinent risks and opportunities in running its business. Arovella will demonstrate ongoing commitment to ESG by sharing its progress toward ESG disclosures in annual updates in combination with making disclosures transparently available in the public domain.

STANDARDISED DISCLOSURE TECHNOLOGY

To help Arovella measure, monitor, and report on its ESG disclosure progress, the Company has engaged impact monitoring technology platform Socialsuite to streamline the disclosure and ongoing ESG reporting process. The Company's goal is to demonstrate commitment and progress on making ESG disclosures and, more broadly, to progress on a range of core and expanded ESG metrics.

For and on behalf of the Board and for further information, please contact:

Dr Michael Baker

Chief Executive Officer & Managing Director Arovella Therapeutics Ltd

Tel +61 (0) 403 468 187

investor@arovella.com

NOTES TO EDITORS:**About Arovella Therapeutics Ltd**

Arovella Therapeutics Ltd (ASX: ALA) is a biotechnology company focused on developing its invariant natural killer T (iNKT) cell therapy platform from Imperial College London to treat blood cancers and solid tumours. Arovella is also expanding its DKK1-peptide targeting technology licenced from MD Anderson and used in conjunction with its iNKT cell therapy platform. Arovella's lead product is ALA-101. ALA-101 consists of CAR19-iNKT cells that have been modified to produce a Chimeric Antigen Receptor (CAR) that targets CD19. CD19 is an antigen found on the surface of numerous cancer types. iNKT cells also contain an invariant T cell receptor (iTCR) that targets α -GalCer bound CD1d, another antigen found on the surface of several cancer types. ALA-101 is being developed as an allogeneic cell therapy, which means it can be given from a healthy donor to a patient.

Glossary: **iNKT cell** – invariant Natural Killer T cells; **CAR** – Chimeric Antigen Receptor that can be introduced into immune cells to target cancer cells; **TCR** – T cell receptors are a group of proteins found on immune cells that recognise fragments of antigens as peptides bound to MHC complexes; **B-cell lymphoma** – A type of cancer that forms in B cells (a type of immune system cell); **CD1d** – Cluster of differentiation 1, which is expressed on some immune cells and cancer cells; **α GalCer** – alpha-galactosylceramide is a specific ligand for human and mouse natural killer T cells. It is a synthetic glycolipid.

For more information, visit www.arovella.com

This announcement contains certain statements which may constitute forward-looking statements or information ("forward-looking statements"), including statements regarding negotiations with third parties and regulatory approvals. These forward-looking statements are based on certain key expectations and assumptions, including assumptions regarding actions of third parties and financial terms. These factors and assumptions are based upon currently available information and the forward-looking statements contained herein speak only as of the date hereof. Although the expectations and assumptions reflected in the forward-looking statements are reasonable in the view of the Company's directors and management, reliance should not be placed on such statements as there is no assurance that they will prove correct. This is because forward-looking statements are subject to known and unknown risks, uncertainties and other factors that could influence actual results or events and cause actual results or events to differ materially from those stated, anticipated or implied in the forward-looking statements. These risks include, but are not limited to: uncertainties and other factors that are beyond the control of the Company; global economic conditions; risk associated with foreign currencies; and risk associated with securities market volatility. The Company assumes no obligation to update any forward-looking statements or to update the reasons why actual results could differ from those reflected in the forward-looking statements, except as required by Australian securities laws and ASX Listing Rules.




T H E R A P E U T I C S

ENVIRONMENTAL
SOCIAL GOVERNANCE

ESG Report

31 August 2023

Arovela Therapeutics Limited
ABN 35 090 987 250

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 second 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.

To track our disclosure progress and demonstrate our sustainability performance against the WEF SCM framework we utilise Socialsuite's ESG Go disclosure platform. ESG Go enables us to demonstrate our ongoing commitment to ESG by providing a dedicated solution to track, report, and share our ESG disclosures. With ESG Go we have started the journey of building robust ESG credentials.

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 two 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 it's highest GHG contribution and has therefore set a target for FY2024 and beyond to always purchase carbon offsets for flights.

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 greater than 30% females Directors and equal representation of females and males (50%:50%) in Senior Management 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 education and to remain up-to-date with developments in their respective fields of endeavour. The Company has set a target of 7 hours of training per staff member for FY2024 and beyond.

PAY EQUALITY

The Company pays men and women equally in like for like roles.

During FY2023, the average female salary was 147% of the average male salary, reflecting the high percentage of women in senior management positions.

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 FY2023 was only 1.6:1.

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 fifteen 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 FY2023, the Company spent almost \$5.5 million on R&D (including employee costs), representing 70% 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 ¹	Unit ²	FY22	FY23	Target
Governance					
Governance performance reported in Annual Report and Corporate Governance Statement (CGS).			Annual Report CGS	Annual Report CGS	
Governance compliance with ASX Corporate Governance Council Principles and Recommendations	3	%	100	100	100
Anti-corruption Bribery and corruption incidents reported or identified		#	Nil	Nil	Nil
Monetary losses from unethical behaviour	4	\$	\$0	\$0	\$0
Political Donations		\$	\$0	\$0	\$0
Whistle-blower complaints		#	0	0	n/a
Planet					
Carbon offset purchased for flights		%	Not measured	Not measured	100%
Greenhouse Gas (GHG) emissions	5		Refer note		
TCFD implementation	6		Refer note		
Land use and ecological sensitivity	7		Refer note		
Water consumption and withdrawal in water-stressed areas	8		Refer note		

¹ 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.

² All currency in Australian dollars (AUD).
“#” = number.

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

⁴ 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.

⁵ 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.

⁶ 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.

⁷ 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.

⁸ 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 ¹	Unit ²	FY22	FY23	Target
People					
Diversity and inclusion					
Directors					
• Female			40	33	50
• Male	9	%	60	67	50
Senior Management					
• Female			83	50	50
• Male			17	50	50
Pay equality					
Ratio of the basic salary and remuneration for all employees: women to men, expressed as a percentage	10	%	118	144	100
Wage level					
Ratio of CEO's total annual salary to median total annual salary of all employees (excluding the CEO)	10	#	2.6	1.6	NA
Risk for incidents of child, forced or compulsory labour					
Identified cases of child, forced or compulsory labour in company or direct suppliers.		#	Nil	Nil	Nil
Health and Safety					
• Recordable work-related injuries		#	Nil	Nil	Nil
Training provided					
• Average hours of training per person		Hrs	Not measured	Not measured	7
• Average training and development expenditure per full time employee	11	\$			
Discrimination and Harassment					
• 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

⁹ Ratios calculated as at 30 June. Senior Management includes CEO, COO, SVP, VP and Director-level roles, that consist of employees and consultants.

¹⁰ Includes consultants involved in day-to-day management of the Company.

¹¹ 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 ¹	Unit ²	FY22	FY23	Target
Prosperity					
Employment					
<ul style="list-style-type: none"> new employee hires employee turnover 	12	# %	2 36%	4 80%	NA <10%
Economic Contribution					
a. Revenue			Refer	Refer	
b. Operating costs		\$	Annual	Annual	
c. Employee wages and benefits			Report	Report	
d. Payments to providers of capital					
Total R&D expenses					
Total costs related to research and development, including employee benefits expense		\$	4,537,593	5,483,154	NA

¹² 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.