

Appendix 4G

Key to Disclosures Corporate Governance Council Principles and Recommendations

Name of entity

ADALTA LIMITED

ABN/ARBN

120 332 925

Financial year ended

30 JUNE 2020

Our corporate governance statement² for the above period above can be found at:³

☐ these pages of our annual report: _____

☒ this URL on our website: <http://adalta.com.au/investors/corporate-governance/>

The Corporate Governance Statement is accurate and up to date as at 30 June 2020 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.

Date here: 27 August 2020

Sign here: 
Company secretary

Print name: Cameron Jones

¹ Under Listing Rule 4.7.3, an entity must lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of rule 4.10.3.

² "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

³ Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity's corporate governance statement can be found.

ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
<u>PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</u>			
1.1	A listed entity should disclose: (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.	...the fact that we follow this recommendation: <ul style="list-style-type: none"> in our Corporate Governance Statement ...and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management): <ul style="list-style-type: none"> in our Corporate Governance Statement; <u>AND</u> in our Board Charter at www.adalta.com.au/investors/corporate-governance 	
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate 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.	...the fact that we follow this recommendation: <ul style="list-style-type: none"> in our Corporate Governance Statement <u>AND</u> in our notices of AGM 	
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	...the fact that we follow this recommendation: <ul style="list-style-type: none"> in our Corporate Governance Statement 	
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.	...the fact that we follow this recommendation: <ul style="list-style-type: none"> in our Corporate Governance Statement 	

1.5	<p>A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:</p> <p>(1) 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</p> <p>(2) 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.</p>	<p>1.5 (a) (b) & (c) ...the fact that we follow this recommendation:</p> <ul style="list-style-type: none"> in our Corporate Governance Statement; <p><u>AND</u></p> <p>in our Diversity Policy at www.adalta.com.au/investors/corporate-governance</p>	<p>1.5 (c)...an explanation why that is so in our Corporate Governance Statement.</p>
1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>...the evaluation process referred to in paragraph (a)& (b):</p> <ul style="list-style-type: none"> in our Corporate Governance Statement 	

1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>the fact that we follow this recommendation:</p> <ul style="list-style-type: none"> • in our Corporate Governance Statement • in our Annual Report 	
<u>PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE</u>			
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(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></p> <p>(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.</p>	<p>...the fact that we follow this recommendation:</p> <ul style="list-style-type: none"> • in our Corporate Governance Statement • in our Annual Report <p>...the charter:</p> <p>is at www.adalta.com.au/investors/corporate-governance</p>	
2.2	<p>A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	<p>...our board skills matrix:</p> <ul style="list-style-type: none"> • is at www.adalta.com.au/investors/corporate-governance 	

2.3	<p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 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</p> <p>(c) the length of service of each director.</p>	<p>...the names of the directors considered by the board to be independent directors:</p> <ul style="list-style-type: none"> • in our Corporate Governance Statement <p>(b):</p> <ul style="list-style-type: none"> • in our Corporate Governance Statement <p>...the length of service of each director:</p> <ul style="list-style-type: none"> • in our Corporate Governance Statement AND • in our Annual Report 	
2.4	A majority of the board of a listed entity should be independent directors.		...an explanation why that is so in our Corporate Governance Statement.
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.	<p>...the fact that we follow this recommendation:</p> <ul style="list-style-type: none"> • in our Corporate Governance Statement 	
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	<p>...the fact that we follow this recommendation:</p> <ul style="list-style-type: none"> • in our Corporate Governance Statement 	
<u>PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY</u>			
3.1	<p>A listed entity should:</p> <p>(a) have a code of conduct for its directors, senior executives and employees; and</p> <p>(b) disclose that code or a summary of it.</p>	<p>...our code of conduct or a summary of it:</p> <ul style="list-style-type: none"> • is at www.adalta.com.au/investors/corporate-governance 	
<u>PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING</u>			
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p>	<p>...the fact that we follow this recommendation:</p> <ul style="list-style-type: none"> • in our Corporate Governance Statement • in our Annual Report 	In relation to paragraph (a)(2).... an explanation why that is so in our Corporate Governance Statement.

	<p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(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</p> <p>(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.</p>		
4.2	<p>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.</p>	<p>...the fact that we follow this recommendation:</p> <ul style="list-style-type: none"> • in our Corporate Governance Statement 	
4.3	<p>A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>	<p>...the fact that we follow this recommendation:</p> <ul style="list-style-type: none"> • in our Corporate Governance Statement 	
<u>PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE</u>			
5.1	<p>A listed entity should:</p> <p>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>...our continuous disclosure compliance policy:</p> <ul style="list-style-type: none"> • in our Corporate Governance Statement <u>AND</u> • at www.adalta.com.au/investors/corporate-governance 	

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.	...information about us and our governance on our website: <ul style="list-style-type: none"> • www.adalta.com.au/investors/corporate-governance 	
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	...the fact that we follow this recommendation: <ul style="list-style-type: none"> • in our Corporate Governance Statement AND • at www.adalta.com.au/investors/corporate-governance 	
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	...the fact that we follow this recommendation: <ul style="list-style-type: none"> • in our Corporate Governance Statement AND • at www.adalta.com.au/investors/corporate-governance 	
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	...the fact that we follow this recommendation: <ul style="list-style-type: none"> • in our Corporate Governance Statement 	
PRINCIPLE 7 – RECOGNISE AND MANAGE RISK			
7.1	The board of a listed entity should: <p>(a) have a committee or committees to oversee risk, each of which:</p> <ol style="list-style-type: none"> (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 <p>(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.</p>	...the fact that we satisfy the majority of these matters and the processes we employ for overseeing our risk management framework: <ul style="list-style-type: none"> • in our Corporate Governance Statement • in our Annual Report; and • in our Risk Management Policy at: • www.adalta.com.au/investors/corporate-governance 	In relation to paragraph (a)(2).... an explanation why that is so in our Corporate Governance Statement.

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 (b) disclose, in relation to each reporting period, whether such a review has taken place.	...the fact that we follow this recommendation: • in our Corporate Governance Statement	
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 risk management and internal control processes.	...the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes are disclosed at the following locations: • in our Corporate Governance Statement AND • in our Risk Management Policy at: • www.adalta.com.au/investors/corporate-governance	
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	...whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks: • in our Corporate Governance Statement	

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; OR (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.	...the fact that we do have a remuneration committee and the processes we employ for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive: • in our Corporate Governance Statement • in our Annual Report.	
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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.	...separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives: <ul style="list-style-type: none"> • in our Corporate Governance Statement 	
8.3	A listed entity which has an equity-based remuneration scheme should: <p>(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</p> <p>(b) disclose that policy or a summary of it.</p>	...our policy on this issue or a summary of it: <ul style="list-style-type: none"> • in our Corporate Governance Statement <u>AND</u> • in our Share Trading Policy at: www.adalta.com.au/investors/corporate-governance 	

AdAlta Limited
ABN 92 120 332 925
(the ‘Company’)

Corporate Governance Statement

This Corporate Governance Statement as at 30 June 2020 sets out the Company’s compliance with the third edition of the ASX Corporate Governance Council’s Corporate Governance Principles and Recommendations (**Principles and Recommendations**). The Principles and Recommendations are not mandatory.

The Company currently has in place various corporate governance policies and charters, as described below and which are available in a dedicated corporate governance section of the Company’s website at www.adalta.com.au.

Principles and Recommendations	Comply (Yes/No)	Explanation
Principle 1 – Lay solid foundations for management and oversight A listed entity should establish and disclose the respective roles and responsibilities of its boards and management and how their performance is monitored and evaluate.		
Recommendation 1.1 A listed entity should disclose: (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.	YES	The respective roles and responsibilities of the Board and management are defined under the Board Charter, a copy of which is available on the Company’s website at www.adalta.com.au . There is a clear delineation between those matters expressly reserved to the Board and those delegated to management.
Recommendation 1.2 A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate 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.	YES	The process for selection, appointment and re-appointment of directors is detailed in the Company’s Remuneration and Nomination Committee Charter. Under the Remuneration and Nomination Committee Charter, shareholders are required to be provided with all material information in the Committee’s possession relevant to a decision on whether or not to elect or re-elect a director. This is achieved in the explanatory materials provided with proposed resolutions to elect or re-elect directors at the Company’s AGM. The Company will undertake appropriate checks before appointing a person, or putting forward to shareholders a candidate for election as a director.

Principles and Recommendations	Comply (Yes/No)	Explanation
<p>Recommendation 1.3</p> <p>A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>	YES	AdAlta has a written agreement in place with each director and senior executive setting out their terms of appointment.
<p>Recommendation 1.4</p> <p>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.</p>	YES	The Company Secretary is Cameron Jones, who is accountable to the Board through the Chairman, Paul MacLeman. The role of the Company Secretary is outlined in the Board Charter.
<p>Recommendation 1.5</p> <p>A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either:</p> <p>(1) 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</p> <p>(2) 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</p>	<p>YES</p> <p>YES</p> <p>NO</p> <p>YES</p> <p>YES</p>	<p>The Company values diversity and recognises the benefit it can bring in achieving its goals. To this end, the Company has established a Diversity Policy that reflects its commitments and objectives.</p> <p>A copy of the Diversity Policy is available on the Company's website at www.adalta.com.au</p> <p>The Company's Remuneration and Nomination Committee is responsible for setting measureable objectives for achieving gender diversity and monitoring their achievement.</p> <p>The Company is committed to ensuring that the appropriate mix of skills, experience, expertise and diversity are considered when employing staff at all levels of the organisation, and when making new senior executive and Board appointments, and is satisfied that the composition of employees, senior executives and members is appropriate for the Company considering its size and environment.</p> <p>The Company (as at 30 June 2020) had three male and one female non-executive directors on the Board and one third of direct, full time employees (including the CEO and Managing Director) are female.</p>

Principles and Recommendations	Comply (Yes/No)	Explanation												
that Act.		<table border="1"> <thead> <tr> <th></th><th>No.</th><th>%</th></tr> </thead> <tbody> <tr> <td>Women employed in whole organisation</td><td>1</td><td>33%</td></tr> <tr> <td>Women in senior executive roles</td><td>0</td><td>-</td></tr> <tr> <td>Women in board positions</td><td>1</td><td>25%</td></tr> </tbody> </table>		No.	%	Women employed in whole organisation	1	33%	Women in senior executive roles	0	-	Women in board positions	1	25%
	No.	%												
Women employed in whole organisation	1	33%												
Women in senior executive roles	0	-												
Women in board positions	1	25%												
<p>Recommendation 1.6</p> <p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>YES</p> <p>NO</p>	<p>The Remuneration and Nomination Committee Charter describes the role of the Committee and the process for evaluating the performance of the Board, its committees and individual directors.</p> <p>The Remuneration and Nomination Committee Charter is available on the Company's website at www.adalta.com.au</p> <p>The Company evaluates the performance of the Board, its Committees and individual directors annually.</p> <p>The Board evaluated its performance and the performance of its Committees in the financial year ending 30 June 2020 by surveying directors using a standard questionnaire and conducting an internal review of the results at a Board meeting. The board skills matrix was also reviewed in light of the changing strategy and development status of the Company.</p>												
<p>Recommendation 1.7</p> <p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was</p>	YES	<p>Under the Remuneration and Nomination Committee Charter, the Board is responsible for reviewing the performance of its senior executives on an annual basis.</p> <p>A review of the senior executive of the Company was undertaken during the financial year ending 30 June 2020.</p>												

Principles and Recommendations	Comply (Yes/No)	Explanation
undertaken in the reporting period		
Principle 2 – Structure the board to add value A listed entity should have a board of an appropriate size, composition, skills and commitment to enable it to discharge its duties effectively.		
Recommendation 2.1 The board of a listed entity should: <ul style="list-style-type: none"> (a) have a nomination committee which: <ul style="list-style-type: none"> (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. 	YES	<p>The Board has established a Remuneration and Nomination Committee to oversee the selection and appointment practices of the Company.</p> <p>The Remuneration and Nomination Committee is governed by a Remuneration and Nomination Committee Charter.</p> <p>The Remuneration and Nomination Committee consists of three directors as at 30 June 2020, Paul MacLeman, Elizabeth McCall and Robert Peach. The majority of the Committee are independent directors for ASX purposes.</p> <p>The Committee is chaired by Paul MacLeman, who is an independent director for ASX purposes.</p> <p>The Charter is available for review on the Company's website at www.adalta.com.au.</p> <p>The number of times the committee met is disclosed in the Annual Report.</p>
Recommendation 2.2 A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	YES	<p>The Company has in place a Board Skills Matrix, setting out the mix of skills and diversity that the Board currently has and is looking to achieve in its membership.</p> <p>A formal review was undertaken in the financial year ending 30 June 2020.</p>

Principles and Recommendations	Comply (Yes/No)	Explanation
		The Board's Skills Matrix is available on the Company's website.
<p>Recommendation 2.3</p> <p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 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</p> <p>(c) the length of service of each director.</p>	YES	<p>The Board considers that a director is an independent director where that director is free of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his or her capacity to bring an independent judgment to bear on issues before the Board and to act in the best interests of the Company and its shareholders generally. When determining the independence of a director, the Company also takes into account the factors relevant to assessing the independence of a director listed in Recommendation 2.3 of the Principles and Recommendations.</p> <p>The directors considered by the Board to be independent directors for ASX purposes (for the period ending 30 June 2020) are Paul MacLeman, Robert Peach, and David Fuller.</p> <p>Although Paul MacLeman, Robert Peach and David Fuller have an interest in the Company, the Board does not consider this to be significant nor compromise the independence of the director.</p> <p>The following directors are considered by the Board to be not independent directors for ASX purposes:</p> <ul style="list-style-type: none"> • Managing Director and CEO, Timothy Oldham, because of his executive role in the Company; • Non-Executive Director Elizabeth McCall and alternate James Williams, are directors of Yuuwa Capital Management Services Pty Ltd, a company that provides investment management services to a substantial and the largest shareholder of the Company, Yuuwa Capital LP. The management fees earned by Yuuwa Capital Management Services Pty Ltd are in part linked to the performance of the investments made by Yuuwa Capital LP, including the performance of the Company. Ms McCall and Dr Williams do not exercise the voting

Principles and Recommendations	Comply (Yes/No)	Explanation
		<p>powers of Yuuwa Capital LP as a shareholder of the Company.</p> <p>The length of service of each director is as follows: Paul MacLeman: 16/04/2015 – present Elizabeth McCall: 16/12/2010 – present Robert Peach: 14/11/2016 – present Timothy Oldham: 9/10/2019 – present</p>
<p>Recommendation 2.4</p> <p>A majority of the board of a listed entity should be independent directors.</p>	NO	Throughout the year to 30 June 2020 the Board has had at least 50% independent directors.
<p>Recommendation 2.5</p> <p>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.</p>	YES	The Chairman of the Board, Paul MacLeman, for the period ending 30 June 2020 was an independent director and is not, the CEO of the Company. During the year Paul acted as Executive Chair during the period of Samantha Cobb's resignation and the appointment and transition of Timothy Oldham as CEO and Managing Director of the Company.
<p>Recommendation 2.6</p> <p>A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.</p>	YES	<p>The Company's Remuneration and Nomination Committee is responsible for establishing and facilitating an induction program for new directors.</p> <p>When appointed to the Board, a new director will receive an induction appropriate to their experience. The Company's Remuneration and Nomination Committee will also provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.</p>

Principles and Recommendations	Comply (Yes/No)	Explanation
Principle 3 – Act ethically and responsibly A listed entity should act ethically and responsibly.		
<p>Recommendation 3.1</p> <p>A listed entity should:</p> <p>(a) have a code of conduct for its directors, senior executives and employees; and</p> <p>(b) disclose that code or a summary of it</p>	YES	<p>The Company has developed a Code of Conduct that has been fully endorsed by the Board, and applies to all directors, senior executives and employees. The Code of Conduct is reviewed and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism, and the practices necessary to maintain confidence in the Group's integrity, and to take into account legal obligations and reasonable expectations of the Company's stakeholders.</p>
Principle 4 – Safeguard integrity in corporate reporting A listed entity should have formal and rigorous processes that independently verify and safeguard the integrity of its corporate reporting.		
<p>Recommendation 4.1</p> <p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(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</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard</p>	YES	<p>The Company has established an Audit and Risk Committee to oversee the management of financial and internal risks. The Audit and Risk Committee is governed by an Audit and Risk Committee Charter, copy of which is available on the Company's website at www.adalta.com.au.</p> <p>The Committee consists of three directors, Liddy McCall, Paul MacLeman and Robert Peach. Liddy McCall holds a financial qualification from the Securities Institute of Australia. Paul MacLeman and Robert Peach have extensive experience in executive and board roles requiring financial literacy.</p> <p>The majority of the Committee are independent directors for ASX purposes and all the members of Committee are non-executive directors.</p> <p>The Chair of the Committee is Liddy McCall. Liddy McCall is not an independent director. The Board believes Liddy is the most suitable Director to fill the role of Chair of the Committee based on her financial experience and qualifications.</p> <p>The number of meetings held is disclosed in the Annual Report.</p>

Principles and Recommendations	Comply (Yes/No)	Explanation
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.		
<p>Recommendation 4.2</p> <p>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.</p>	YES	Prior to approving the Company's financial statements, the Board receives from the CEO and CFO a declaration that, in their opinion, the financial records of the Company 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 Company and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.
<p>Recommendation 4.3</p> <p>A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>	YES	The Company requests the external Auditor to attend the Annual General Meeting, and be available to answer shareholders' questions about the conduct of the audit, and the preparation and content of the Auditor's Report.
<p>Principle 5 – Make timely and balanced disclosure A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.</p>		
<p>Recommendation 5.1</p> <p>A listed entity should:</p> <p>(a) have a written policy for</p>	YES	The Board has established a policy governing continuous disclosure, which complies with its obligations under the ASX Listing Rules.

Principles and Recommendations	Comply (Yes/No)	Explanation
<p>complying with its continuous disclosure obligations under the Listing Rules; and</p> <p>(b) disclose that policy or a summary of it.</p>		<p>This policy is available on the Company's website at www.adalta.com.au</p> <p>The Board has designated the Company Secretary as the person responsible for overseeing and coordinating disclosure of information to the ASX, as well as communicating with the ASX.</p>
Principle 6 – Respect the rights of security holders A listed entity should respect the rights of its security holders by providing them with appropriate information and facilities to allow them to exercise those rights effectively.		
<p>Recommendation 6.1</p> <p>A listed entity should provide information about itself and its governance to investors via its website.</p>	YES	<p>The Company provides information about itself and its corporate governance details on its website at www.adalta.com.au including all of its governance policies and other company information.</p>
<p>Recommendation 6.2</p> <p>A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.</p>	YES	<p>The Company has adopted a Shareholders Communications Policy for shareholders wishing to communicate with the Board.</p> <p>This policy is available on the Company's website at www.adalta.com.au.</p>
<p>Recommendation 6.3</p> <p>A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.</p>	YES	<p>The Company gives security holders the option to receive communications from, and send communications to, the Company and its security registry electronically via its website, www.adalta.com.au.</p>
Principle 7 – Recognise and manage risk A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.		
<p>Recommendation 7.1</p> <p>The board of a listed entity should:</p> <p>(a) have a committee or committees</p>	YES	<p>The Company has adopted a Risk Management Policy which is designed to assist the Company to oversee and approve risk management strategy and policies, internal compliance and internal control.</p>

Principles and Recommendations	Comply (Yes/No)	Explanation
<p>to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(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</p> <p>(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.</p>		<p>A copy of the Company's Risk Management Policy is available on the Company's website at www.adalta.com.au</p> <p>The Board has delegated responsibility for the day to day management of the Company's risk profile to the Audit and Risk Committee.</p> <p>The Audit and Risk Committee is governed by an Audit and Risk Committee Charter, a copy of which is available on the Company's website at www.adalta.com.au.</p> <p>The Committee consists of three directors, Liddy McCall, Paul MacLeman and Robert Peach.</p> <p>The majority of the Committee are independent directors for ASX purposes and all the members of Committee are non-executive directors.</p> <p>The Chair of the Committee is Liddy McCall. Liddy McCall is not an independent director. The Board believes Liddy is the most suitable Director to fill the role of Chair of the Committee based on her financial experience and qualifications.</p> <p>The number of meetings held is disclosed in the Annual Report.</p>
<p>Recommendation 7.2</p> <p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	YES	<p>The Risk Management Policy provides for regular reporting to the Board on the Company's risk management framework.</p> <p>The Company's management is responsible for designing, implementing and reporting on the adequacy of the Company's risk management and internal control system. Management reports to the Audit and Risk Committee on the Company's key risks and the extent to which it believes these risks are being monitored at each Committee meeting.</p> <p>The Audit and Risk Committee reviews and monitors risk management, and internal compliance and control systems, at least</p>

Principles and Recommendations	Comply (Yes/No)	Explanation
		annually.
<p>Recommendation 7.3</p> <p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(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 risk management and internal control processes.</p>	YES	<p>The Company does not have an internal audit function.</p> <p>The process followed by the Board includes regular reviews of internal controls and accounting. The Company has implemented electronic processes that provide complete approval history for financial transactions and requires customary dual banking authorities</p>
<p>Recommendation 7.4</p> <p>A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	YES	<p>The Company does not have any material exposure to economic, environmental or social sustainability risks.</p>
<p>Principle 8 – Remunerate fairly and responsibly</p> <p>A listed entity should pay director remuneration sufficiently to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders.</p>		
<p>Recommendation 8.1</p> <p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the</p>	YES	<p>The Remuneration and Nomination Committee is governed by a Remuneration and Nomination Committee Charter, a copy of which is available on the Company's website on www.adalta.com.au. The Charter describes the role of the Committee and the process for evaluating the performance of the Board, its Committees and individual directors.</p> <p>The Remuneration and Nomination Committee consists of three directors as at 30 June 2020, Paul MacLeman, Liddy McCall and Robert Peach. The majority of the Committee are independent directors for ASX purposes.</p> <p>The Committee is chaired by Paul MacLeman, who is an independent director for ASX purposes.</p>

Principles and Recommendations	Comply (Yes/No)	Explanation
<p>committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(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.</p>		<p>The Charter is available for review on the Company's website at www.adalta.com.au.</p> <p>The number of times the committee met is disclosed in the Annual Report.</p>
<p>Recommendation 8.2</p> <p>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.</p>	YES	<p>The Remuneration and Nomination Committee holds the responsibility of making recommendations to the Board in relation to the Company's policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>
<p>Recommendation 8.3</p> <p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(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</p> <p>(b) disclose that policy or a summary of it.</p>	YES	<p>The Company has a Securities Trading Policy, which provides that participants must not, without prior approval of the Chairman or the Board, engage in short selling or other hedging arrangements, deal in derivatives or enter into other arrangements which vary economic risk related to the Company's securities.</p> <p>A copy of the Securities Trading Policy is available on the Company's website at www.adalta.com.au</p>