



Board Charter

1. INTRODUCTION

The Board is responsible for the overall corporate governance of SUDA PHARMACEUTICALS Limited and group companies ("SUDA" or "the Group").

Corporate governance essentially involves balancing the interests of a company's many stakeholders such as shareholders, management, customers, suppliers, financiers, government and the community.

This Charter sets out the role and responsibilities of the Board including its membership and its operation. Some responsibilities of the Board are delegated to Committees of the Board or to management.

It is recognized that SUDA is a small company and it is understood that, due to the size of the Board there will be instances where it is not practical to adhere directly to the Board Charter. The overriding objective of the Charter is to ensure that decisions taken by the Board are well founded, independent and members of the Board are not placed in a position where a conflict of interest exists.

2. ROLE

The primary objectives of the Board are to:

- a) represent shareholders and serve the interests of the Group by overseeing and evaluating Group's strategies, policies and performance.
- b) provide strategic guidance for SUDA and be responsible for monitoring and evaluating management in adhering to and achieving performance in line with policy and strategy.
- c) monitor SUDA's performance and sustainable shareholder value within a framework of appropriate risk assessment and management.
- d) recognise SUDA's legal and other obligations to all legitimate stakeholders.

3. CONSTITUTION

The Board is constituted by the Constitution, under which it is vested with the power to manage SUDA. The Board may delegate certain of its powers to the Chief Executive Officer (CEO), Board Committees and other persons.

The Constitution shall govern the regulation of meetings and proceedings of the Board.

4. RESPONSIBILITIES

The Board retains ultimate responsibility for the management and corporate governance of SUDA. The Board has the following specific responsibilities and functions:

Strategy

The Board is responsible for:

- a) overseeing the development of SUDA's corporate strategy;
- b) reviewing and approving strategic plans, goals and performance objectives consistent with SUDA's strategy and reviewing the assumptions and rationale underlying the strategic plans and performance objectives; and
- c) monitoring implementation of plans to give effect to SUDA's strategy including setting performance objectives and approving operating budgets.

Oversight of financial management and capital management

The Board is responsible for:

- a) protecting SUDA's financial position and ability to meet its debts and other obligations as they fall due;
- b) reviewing and approving annual and half-yearly financial reports;
- c) monitoring financial results on an ongoing basis;
- d) approving the operating and project development budgets for the Group

Document ID Code	Document Name	Authorized by:	Date of Revision	Revision Number	Page
FA0014	Board Charter	Board	Dec 2017	D	Page 2 of 10

- e) reviewing, approving and monitoring the progress of major capital expenditure, project developments, capital management, major acquisitions and divestitures and material commitments;
- f) approving decisions affecting SUDA's capital, including capital structure, capital raising and major financing arrangements; and
- g) determining SUDA's dividend policy and declaring dividends.

Compliance and risk management

The Board is responsible for approving, reviewing, ratifying and monitoring:

- a) SUDA's internal compliance, control and accountability systems and reviewing reporting under those systems;
- b) systems of internal compliance, risk management and control, and systems of legal compliance that govern SUDA's operations; and
- c) written policies, codes and procedures governing compliance, risk oversight and management.

Oversight of management

The Board is responsible for:

- a) the appointment and, if appropriate, removal of the CEO, and approving terms of engagement and termination benefits;
- b) ratifying the appointment of any executive directors, the Company Secretary, and approving their terms of engagement and termination benefits (if any).
- c) approving succession plans for the CEO, and Company Secretary;
- d) monitoring performance of the CEO and Company Secretary and implementation of strategy against measurable and qualitative indicators, encouraging enhanced effectiveness and ensuring that appropriate resources are available;
- e) approving the remuneration policies and procedures in respect of the Management Team.-

Ethics and Culture

The Board is responsible for:

- a) establishing and modelling SUDA's culture and values;
- b) actively promoting ethical and responsible decision-making;
- c) approving and maintaining a Code of Conduct to guide its Directors and employees in the practices necessary to maintain confidence in SUDA's integrity; and
- d) monitoring the effectiveness of the system of accountability for unethical practices.

Diversity

The Board is responsible for:

- a) promoting diversity within all levels of the SUDA organisation;
- b) approving SUDA's policies in relation to diversity at all levels of the organisation and subsequent amendments to those policies;
- c) establishing measurable objectives for achieving diversity at all levels of the organisation;
- d) annually assessing the measurable objectives set by the Board in relation to diversity at all levels of the organisation and progress in achieving them, including a review of the relative proportion of women and men in the workforce at all levels of the organization; and
- e) ensuring remuneration is consistent and is not impacted by gender or race.

Document ID Code	Document Name	Authorized by:	Date of Revision	Revision Number	Page
FA0014	Board Charter	Board	Dec 2017	D	Page 3 of 10

Shareholders

The Board is responsible for:

- a) reviewing the effectiveness of communication with shareholders;
- b) facilitating the effective exercise of shareholders' rights; and
- c) reporting to shareholders in accordance with the requirements of the Corporations Act or other relevant law and the ASX Listing Rules.

Other stakeholders

The Board is responsible for:

- a) approving and monitoring policies governing SUDA's relationship with other stakeholders and the broader community; and
- b) Ensuring appropriate environmental, employment and Occupational Health & Safety policies are implemented.

Auditors

Having regard to the recommendations of the Risk & Audit Committee, the Board is responsible for:

- a) making recommendations to shareholders for the appointment and removal of external Auditors, and
- b) selecting and appointing external Auditors on an interim basis when a vacancy occurs in the office of Auditor.

Corporate Governance

The Board is responsible for:

- a) establishing appropriate standards of corporate governance and legal and regulatory compliance;
- b) approving policies dealing with continuous disclosure, securities dealing and communications with shareholders;
- c) approving the Board's charter and the charters of the Board's standing committees;
- d) determining the remuneration of directors within the limits approved by the shareholders;
- e) approving the corporate governance statement and related governance disclosures for the annual report, including:
 - i. a statement as to the mix of skills and diversity which the Board is looking to achieve in its membership;
 - ii. measurable objectives set by the Board for gender diversity and progress towards achieving those objectives.

Legal Matters

The Board is to be kept informed and consulted as to their opinions on all developments in any legal matter that may have an impact on the Group. The final decision is the responsibility of the CEO.

Media

The Board is responsible to have a structured media policy to ensure that Board members are not at liberty to make any statements to the media, including social media, that has not been approved by the CEO.

5. DELEGATION TO BOARD COMMITTEES

Under SUDA's Board Charter, the Board may delegate responsibility to Board Committees to consider certain issues in further detail and then report back to and advise the Board.

Standing Committees established by the Board will adopt charters setting out the authority, responsibilities, membership and operation of the Committee. Although the Board may delegate powers and responsibilities to these committees, the Board retains ultimate accountability for discharging its duties.

Document ID Code	Document Name	Authorized by:	Date of Revision	Revision Number	Page
FA0014	Board Charter	Board	Dec 2017	D	Page 4 of 10

The Board has the following standing Committees, which may be added to or changed from time to time:

- a) Risk & Audit Committee;
- b) HR & Remuneration Committee;
- c) Nomination Committee.

The Board:

- a) will appoint members to the Committees and make changes to membership;
- b) may establish other ad hoc special purpose Committees from time to time, with terms of reference approved by the Board;
- c) shall review the effectiveness of each of the above Committees, against its charter, on an annual basis, in conjunction with the Chair of the relevant Committee; and
- d) will deal with matters referred to it by any Board Committee.

All Directors will receive copies of Committee papers, including minutes, in respect of each Committee and may attend meetings of Committees of which they are not members provided no conflict of interest exists.

The Chair of each Committee will report back on Committee meetings to the Board at the next full meeting.

6. DELEGATION TO, AND ROLE OF, THE CHIEF EXECUTIVE OFFICER

The Board has delegated to the CEO the authority to manage SUDA's day-to-day affairs and the authority to control SUDA's affairs in relation to all matters other than those responsibilities reserved by the Board to itself in this Charter.

Specific limits on the authority delegated to the CEO are set out in the Delegation of Authority Policy approved by the Board. The Board may impose further specific limits on CEO delegations.

These delegations of authority will be maintained by the Company Secretary and will be reviewed by the Board as appropriate from time to time.

The CEO has authority to sub-delegate to the Management Team.

The CEO is responsible for managing the Group in accordance with strategies and policies approved by the Board and for keeping the Board informed of all activities within the Group.

7. MEMBERSHIP

The Directors will determine the Board size, composition and skills mix, subject to the limits established by SUDA's Constitution.

- a) SUDA's Constitution provides for a minimum of three Directors.
- b) The Board will comprise a majority of non-executive Directors, where possible, who are determined by the Board to be independent.
- c) The positions of Chair and Chief Executive Officer are required to be held by separate persons, where possible.
- d) The Board shall endeavor to ensure that the Board comprises of Directors:
 - i. who are all financially literate;
 - ii. at least one of whom has financial expertise; and
 - iii. with an appropriate balance of skills, experience, expertise and diversity and an understanding of, and competence to deal with, current and emerging issues of the business.
- e) Non-executive Directors will be engaged by a letter of appointment setting out the key terms and conditions of their appointment.
- f) Directors will be expected to participate in any induction or orientation programs on appointment, and any continuing education or training arranged for them.
- g) A quorum shall be three Directors, comprising at least one non-executive Director.

Document ID Code	Document Name	Authorized by:	Date of Revision	Revision Number	Page
FA0014	Board Charter	Board	Dec 2017	D	Page 5 of 10

Process of Selection and Appointment of New Directors

- a) When a vacancy arises, the Nomination Committee considers candidates with a broad range of skills, experience, and expertise, and from a diverse range of backgrounds, including gender.
- b) Candidates are considered on merit and against objective criteria, and with due regard for the benefits of diversity on the Board, including gender.
- c) When the Board considers that a suitable candidate has been found, that person is appointed by the Board to fill a casual vacancy in accordance with SUDA's Constitution, but must stand for election by Shareholders at the next Annual General Meeting.

New Directors shall be given a thorough briefing by the Chair and/or Secretary on key Board issues and provided with appropriate background documentation. These issues shall include:

- i. SUDA's financial, strategic, operational and risk management position;
- ii. their rights, duties and responsibilities; and
- iii. the role of the Board and the Board Committees.

8. TERM

- a) All Directors (except the Chief Executive Officer) shall submit themselves for re-election in accordance with the Constitution and the ASX Listing Rules, and at least at every third AGM.
- b) Retiring Directors may be eligible for re-election.
- c) Before each Annual General Meeting, the Chair will assess the performance of any Director standing for re-election and the Board will determine their recommendation to shareholders on the re-election of the Director (in the absence of the Director involved).
- d) The Board (excluding the Chair) will conduct the review of the Chair.

9. INDEPENDENCE

A non-executive Director of SUDA is independent if the Director is not a member of management and is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgement. In assessing non-executive Director independence, the Board reviews the relationship that the Director, and the Director's associates, have with SUDA.

In determining whether a non-executive Director is independent, the Board considers whether the Director:

- a) is a substantial shareholder of SUDA or an officer of, or otherwise associated directly with a substantial shareholder of SUDA;
- b) within the last three years, has been employed in an executive capacity by SUDA;
- c) within the last three years has been:
 - i. principal of a material professional adviser to SUDA;
 - ii. a material consultant to SUDA; or
 - iii. an employee materially associated with the service provided by such adviser or consultant to SUDA;
- d) is a material supplier to, or customer of, SUDA, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- e) has a material contractual relationship with SUDA other than as a Director of SUDA;
- f) has served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in SUDA's best interests; or
- g) Has any interest, or any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in SUDA's best interests.

The Board will determine relevant materiality thresholds for the purposes of independence from time to time and will have regard to the specific circumstances of an individual non-executive Director.

Document ID Code	Document Name	Authorized by:	Date of Revision	Revision Number	Page
FA0014	Board Charter	Board	Dec 2017	D	Page 6 of 10

The Board will regularly assess the independence of each Director in light of the interests disclosed by them. Each independent Director must provide the Board with all relevant information for this. The outcome of this assessment will be reflected in the Corporate Governance Statement.

10. DIRECTOR DUTIES

Directors must at all times act in accordance with legal and statutory requirements, and discharge all their duties as Directors.

Directors must:

- a) discharge their duties in good faith and in SUDA's best interests and for a proper purpose;
- b) act with care and diligence, demonstrate commercial reasonableness in their decision-making and act with the level of skill and care expected of a Director of a major Company;
- c) avoid conflicts of interest except in those circumstances permitted by the Corporations Act;
- d) not make improper use of information gained through their position as a Director;
- e) not take improper advantage of their position as a Director;
- f) notify other Directors of a material personal interest when a conflict arises;
- g) make reasonable enquiries if relying on information or advice provided by others;
- h) undertake any necessary inquiries in respect of delegates;
- i) give SUDA or ASX all the information required by the Corporations Act; and
- j) not permit SUDA to engage in insolvent trading.

11. CHAIR

The Board shall appoint the Chair of the Board and shall be an independent non-executive Director, where possible.

- a) The Chair shall be responsible for:
 - i. chairing Board meetings and shareholder meetings;
 - ii. leadership of the Board in reviewing and discussing Board matters;
 - iii. efficient organisation and conduct of the Board's function;
 - iv. briefing of all Directors on key issues arising at Board meetings;
 - v. facilitating the effective contribution of all Directors and monitoring Board performance;
 - vi. guiding Board deliberations, free of undue bias;
 - vii. promoting constructive and respectful relations between Directors and between the Board and management;
 - viii. overseeing that membership of the Board is skilled and appropriate for SUDA's needs;
 - ix. reviewing corporate governance matters with the Group Secretary and reporting on those matters to the Board; and
 - x. overseeing the implementation of policies and systems for Board performance review.
- b) The Chair shall work closely with the CEO, acting as a sounding board and providing counsel without dominance.
- c) Should the Chair be absent from a meeting, the members of the Board present shall appoint a Chair for that particular meeting.

12. MEETINGS

- a) All Board meetings will be conducted in accordance with SUDA's Constitution and the Corporations Act.
- b) The Board shall meet formally at least eight times per annum and whenever necessary to deal with urgent matters which might arise between scheduled meetings. In addition to its formal meetings, the Board undertakes regular and relevant workshops.
- c) On a regular basis the non-executive Directors will meet in private session (without management) to discuss management issues or matters of a particularly sensitive nature.
- d) Any Director may convene a Board meeting or require the Secretary to do so, provided the Chair and Secretary have been given reasonable prior notice.

Document ID Code	Document Name	Authorized by:	Date of Revision	Revision Number	Page
FA0014	Board Charter	Board	Dec 2017	D	Page 7 of 10

- e) All Directors are generally expected to prepare adequately, attend and participate at each Board meeting.
- f) Directors have a duty to question and raise any issues of concern to them. Matters are to be debated openly and constructively amongst the Directors. Individual Directors must utilise their particular skills, experience and knowledge when discussing matters at Board meetings.
- g) Directors must keep Board discussions and resolutions confidential, except where they are required to be disclosed.
- h) The Board may conduct meetings by telephone or videoconference.
- i) The Chairman will take reasonable measures to ensure that where possible, a quorum is formed for each meeting and for each agenda item.

13. AGENDA

- a) The Chair shall review the agenda for each meeting prior to its issue.
- b) Any Director may require business to be included on the agenda provided the Chair and Secretary have been given reasonable prior notice of that business.

14. ATTENDANCE

- a) Members of the Management Team will be invited to attend meetings and present on issues relevant to the Board, as required.
- b) Other SUDA executives, External Auditors, and external advisers may be invited by the Chair to attend part or all of any meeting.
- c) No Executive Director shall be present at a Board meeting during deliberations concerning their position, unless invited.

MINUTES

- a) Minutes of meetings of the Board shall be prepared by the Secretary within 5 business days from the date on which the meeting was held, approved by the Chair in draft and circulated to all Directors for comment.
- b) Minutes of meetings of the Board shall be confirmed at the next meeting of the Board and then signed by the Chair.
- c) The action list from each Board meeting will be approved by the Chair and circulated to all Directors with the minutes of the meeting.
- d) The action list will include accountabilities and the nature and timing of subsequent reporting.
- e) All minutes of the Board are to be entered in the minute book in compliance with applicable legislation and regulatory requirements.

15. RETENTION OF BOARD DOCUMENTS

Board minutes and the master copy of Board briefing materials shall be retained in compliance with applicable legislation and regulatory requirements.

16. SECRETARY

- a) The Company Secretary shall act as Secretary of the Board and shall attend all meetings of the Board.
- b) All Directors are to have access to the Company Secretary.
- c) The Company Secretary shall:
 - i. monitor that Board policy and procedures are followed;
 - ii. organise Board meetings and Director attendance;
 - iii. co-ordinate the completion and dispatch of the Board agenda and briefing materials;
 - iv. prepare minutes of meetings and resolutions of the Board and take these to the Chair for approval and circulation;
 - v. circulate minutes from Committee meetings to the Board;

Document ID Code	Document Name	Authorized by:	Date of Revision	Revision Number	Page
FA0014	Board Charter	Board	Dec 2017	D	Page 8 of 10

- vi. ensure SUDA's compliance with its requirements under the Corporations Act regarding registered office, annual returns and notices to be lodged with the Australian Securities and Investments Commission and ASX; and
- vii. be accountable to the Board, through the Chair, on all governance matters.

17. ACCESS TO INFORMATION

- a) The Board and Committees must be provided with the information they need to efficiently discharge their responsibilities.
- b) Management must supply the Board and Committees with information in a form, timeframe and quality that enables them to effectively discharge their duties.
- c) All Directors are to receive copies of Committee Papers.
- d) Directors are entitled to request and receive such additional information as they consider necessary to support informed decision-making.
- e) Any Director has the authority to seek information directly from any employee or external party, including the External Auditors. Wherever practical the CEO should be informed and reasonable notice should be provided having regard to the nature of the information being sought. A Director does not have the authority to give instructions to any employee.
- f) It is expected that any significant issues are communicated to the Chairman, CEO, and/or Company Secretary.
- g) A Director is not permitted to provide direct instructions to any third parties retained by the Group, without discussing matters of concern with either the CEO or the Chair.

18. INDEPENDENT EXPERT ADVICE

- a) The Board, an individual Director or a Committee may engage, at the expense of SUDA, an independent external adviser in relation to any Board matter.
- b) Before the external advice is sought, consent needs to be obtained, which will not be unreasonably withheld. In the case of:
 - i. the Board – from the Chair;
 - ii. an individual Director – from the Chair or the relevant Committee Chair, as the case may be;
 - iii. a Committee – from the Committee Chair;
 - iv. the Chair – from the next most senior Director.
- c) The Chair or a Committee Chair, as applicable, may determine that any external advice received by an individual Director be circulated to the remainder of the Board.
- d) To ensure consistency of facts and avoid potential misunderstandings, the advice sought needs to be coordinated with the CEO.

19. PERFORMANCE ASSESSMENT

- a) Annually the Board shall conduct a formal review of its effectiveness and the effectiveness of the Board Committees and individual Directors. In conducting this review the views of individual Directors and the views of the SUDA's relevant Management Team members must be canvassed.
- b) Every three years the Board shall consider engaging an external consultant to conduct a comprehensive review of the effectiveness of the Board, its Committees and individual Directors.
- c) This review must be conducted against the terms of the Board Charter or relevant Committee Charter and shall include surveys of each Director and relevant external persons (such as auditors).
- d) These reviews will be coordinated by the Nomination Committee.
- e) The Chair of the Board shall conduct a formal review of its effectiveness and the effectiveness of the individual Directors.

Document ID Code	Document Name	Authorized by:	Date of Revision	Revision Number	Page
FA0014	Board Charter	Board	Dec 2017	D	Page 9 of 10

- f) With the assistance of the HR & Remuneration Committee, the Board will also review annually the performance and remuneration of the CEO.
- g) The Board has a commitment to professional development of Directors, CEO and the Company Secretary.

20. REVIEW OF CHARTER

The Board is responsible for reviewing this Charter annually. The Charter may be amended by resolution of the Board.

21. DISTRIBUTION

After its review each year, this charter shall be distributed by the Company Secretary to all Directors, and the External Auditors.

This Board Charter will be available on SUDA’s website.

END DOCUMENT

Document ID Code	Document Name	Authorized by:	Date of Revision	Revision Number	Page
FA0014	Board Charter	Board	Dec 2017	D	Page 10 of 10