

**Benitec Biopharma Limited**  
**Corporate Governance Statement**  
**30 August 2016**

This Corporate Governance Statement of Benitec Biopharma Limited (the 'company') has been prepared in accordance with the 3<sup>rd</sup> Edition of the Australian Securities Exchange's ('ASX') Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council ('ASX Principles and Recommendations'). The company's ASX Appendix 4G, which is a checklist cross-referencing the ASX Principles and Recommendations to the relevant disclosures in either this statement, our website or Annual Report, is contained on our website at [website address].

This statement has been approved by the company's Board of Directors ('Board') and is current as at 30 August 2016.

The ASX Principles and Recommendations and the company's response as to how and whether it follows those recommendations are set out below.

**Principle 1: Lay solid foundations for management and oversight**

***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.***

The Board is ultimately accountable for the performance of the company and provides leadership and sets the strategic objectives of the company. It appoints all senior executives and assesses their performance on at least an annual basis. It is responsible for overseeing all corporate reporting systems, remuneration frameworks, governance issues, and stakeholder communications.

The Board sets objectives, goals and strategic direction along with a policy framework within which management then works. Management is responsible for implementing Board strategy, day-to-day operational aspects, and ensuring that all risks and performance issues are brought the Board's attention. They must operate within the risk and authorisation parameters set by the Board. The Board monitors this on a regular basis. There is clear segregation between the Board and management. Any functions not reserved for the Board and not expressly reserved for members by the Corporations Act and ASX Listings Rules are reserved for senior executives.

***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.***

The company undertakes comprehensive reference checks prior to appointing a director, or putting that person forward as a candidate to ensure that person is competent, experienced, and would not be impaired in any way from undertaking the duties of director. The company provides relevant information to shareholders for their consideration about the attributes of candidates together with whether the Board supports the appointment or re-election.

***Recommendation 1.3 - A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.***

The terms of the appointment of a non-executive director, executive directors and senior executives are agreed upon and set out in writing at the time of appointment.

***Recommendation 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 Company Secretary reports directly to the Board through the Chairman and is accessible to all directors.

***Recommendation 1.5 - A listed entity should (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; (b) disclose that policy or a summary of it; and (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: (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 (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.**

The company has a diversity policy which requires the Board to set measurable objectives for achieving gender diversity and to assess the objectives and the company’s progress towards achieving them on an annual basis. The diversity policy aims to provide a work environment where employees have equal access to career opportunities, training and benefits. It also aims to ensure that employees are treated with fairness and respect, and are not judged by unlawful or irrelevant reference to gender, age, ethnicity, race, cultural background, disability, religion, sexual orientation or caring responsibilities. This commitment enables the company to attract and retain employees with the best skills and abilities. A copy of the company’s diversity policy is available on the Benitec website.

The diversity policy outlines the requirements for the Board to develop measurable objectives for achieving diversity, and annually assess both the objectives and the progress in achieving those objectives. Accordingly, the Board has developed the following objectives regarding gender diversity and aims to achieve these objectives over the next few years as director and senior executive positions become vacant and appropriately qualified candidates become available:

	2015	2016	2017
Women on the Board	-	-	1
Women in senior management roles	3	4	5
Women employees in the company	9	10	12

No entity within the consolidated entity is a ‘relevant employer’ for the purposes of the Workplace Gender Equality Act 2012 and therefore no Gender Equality Indicators to be disclosed.

***Recommendation 1.6 - A listed entity should (a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.***

The Board is establishing revised procedures to review its performance annually, as well as the performance of individual Committees and individual directors (including the performance of the Chairman as Chairman of the Board). In establishing revised procedures, the Board will undertake a detailed review of its performance and that of its committees and individual Directors which will involve a self-assessment process including the completion and evaluation of questionnaires on Board and management matters. The results of this review will be collated and analysed by the Board. The next review is expected to take place during the year ended 30 June 2017.

***Recommendation 1.7 - A listed entity should (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.***

The Board conducts an annual performance assessment of the CEO against agreed performance measures determined at the start of the year. The CEO undertakes similar assessments of senior executives. The focus of the performance review is to set specific objectives aligned with the Company’s business objectives, and monitor performance against them for each executive. An annual review of the performance of each senior executive was conducted in accordance with this process during the year.

**Principle 2: Structure the board to add value**

**Recommendation 2.1 - The board of a listed entity should (a) have a nomination 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 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.**

The Board maintains a combined Remuneration and Nominations Committee, whose members during the financial year, were as follows:

Director's name	Executive status	Independence status
John Chiplin -Chair	Non-Executive Director	Independent
Iain Ross	Non-Executive Director	Independent
Kevin Buchi	Non-Executive Director	Independent
Peter Francis	Non-Executive Director	Independent
Megan Boston (appointed 16 August 2016)	Non-Executive Director	Independent

All Committee members and the Chair are independent. The Charter of the Committee is available at the company's website.

The number of Committee meetings held and attended by each member is disclosed in the 'Meetings of directors' section of the Directors' report in the Annual Report.

**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.**

The Board's skills matrix indicates the mix of skills, experience and expertise that are considered necessary at Board level for optimal performance of the Board. The matrix reflects the Board's objective to have an appropriate mix of industry and professional experience including skills such as leadership, governance, strategy, finance, risk, IT, HR, policy development, and customer relationship. External consultants may be brought in with specialist knowledge to address areas where this is an attribute deficiency in the Board.

**Recommendation 2.3 - A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (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 (c) the length of service of each director.**

Details of the Board of directors, their appointment date, length of service as independence status is as follows:

Director's name	Appointment date	Length of service at reporting date	Independence status
Peter Francis - Chair	23 February 2006	9 years	Independent Non-executive
Kevin Buchi	14 April 2013	2 years	Independent Non-executive
John Chiplin	1 February 2010	5 years	Independent Non-executive
Iain Ross	1 June 2010	5 years	Independent Non-executive
Megan Boston	16 August 2016	-	Independent Non-executive

The Board may determine that a director is independent notwithstanding the existence of an interest, position,

association or relationship of the kind identified in the examples listed under Recommendation 2.3 of the ASX Principles and Recommendations.

Details of directors that the Board has declared as independent but which maintain an interest or relationship that could be perceived as impairing independence, and the reason as to the Board's determination are as follows:

<b>Director's Name</b>	<b>Details of interest or relationship</b>	<b>Board reasoning why director is independent</b>
Peter Francis	Principal of Francis Abourizk Lightowlers, a material professional adviser to the company.	The Board is satisfied that it will not interfere with the independent exercise of his judgment.

***Recommendation 2.4 - A majority of the board of a listed entity should be independent directors.***

Having regard to the response to Recommendation 2.3 above, the majority of the Board at the reporting date were independent.

***Recommendation 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.***

Peter Francis is Chair of the Board and is considered to be an independent director of the company.

***Recommendation 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.***

New directors undertake an induction program coordinated by the Company Secretary that briefs and informs the director on all relevant aspects of the company's operations and background. A director development program is also available to ensure that directors can enhance their skills and remain abreast of important developments.

**Principle 3: Act ethically and responsibly**

**Recommendation 3.1 - A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.**

The company maintains a code of conduct for its directors, senior executives and employees. In summary, the code requires that each person act honestly, in good faith and in the best interests of the company; exercise a duty of care; use the powers of office in the best interests of the company and not for personal gain, declare any conflict of interest; safeguard company's assets and information and undertake any action that may jeopardise the reputation of company.

That code is available on the company's website.

**Principle 4: Safeguard integrity in corporate reporting**

***Recommendation 4.1 - The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (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 (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.***

The Board maintains a combined Audit and Risk Management Committee, the members of which are:-

<b>Director's Name</b>	<b>Executive Status</b>	<b>Independence Status</b>
Megan Boston - Chair	Non-Executive	Independent
Iain Ross	Non-Executive	Independent
Peter Francis	Non-Executive	Independent
Kevin Buchi	Non-Executive	Independent

The majority of the Committee members and the Chair are independent, thereby satisfying this Recommendation.

Details of the qualifications and experience of the members of the Committee is detailed in the 'Information of directors' section of the Directors' report.

The Charter of the Committee is available at the company's website.

The number of Committee meetings held and attended by each member is disclosed in the 'Meetings of directors' section of the Directors' report.

***Recommendation 4.2 - 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.***

For the financial year ended 30 June 2015 and the half-year ended 31 December 2014, the company's CEO and CFO provided the Board with the required declarations.

***Recommendation 4.3 - 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.***

The audit engagement partner attends the AGM and is available to answer shareholder questions from shareholders relevant to the audit.

#### **Principle 5: Make timely and balanced disclosure**

***Recommendation 5.1 - A listed entity should (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.***

The Board is committed to inform its shareholders and the market of any major events that influence the Company in a timely and conscientious manner. The Board is responsible for ensuring that the Company complies with the continuous disclosure requirements as set out in ASX Listing Rule 3.1 and the Corporations Act 2001. The Company's Communication Protocols have been posted on the Company's website.

Any market sensitive information is discussed by the Board before it is approved to be released to the market. The Company's procedure is to lodge the information with the ASX and make it available on the Company's website shortly thereafter. All executives of the Company have been made aware of the Company's obligations with regard to the continuous disclosure regime.

**Principle 6: Respect the rights of security holders**

***Recommendation 6.1 - A listed entity should provide information about itself and its governance to investors via its website.***

The company maintains information in relation to governance documents, directors and senior executives, Board and committee charters, annual reports, ASX announcements and contact details on the company's website.

***Recommendations 6.2 and 6.3***

***A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors (6.2).***

***A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders (6.3).***

The Board and Company ensures that its shareholders are fully informed of matters likely to be of interest to them. The Company provides all obligatory information such as annual reports, half yearly reports and other ASX required reports in accordance with the law and regulations.

Notices of shareholders meetings, annual and extraordinary, are distributed in a timely manner and are accompanied by all information that the Company has obtained.

The Company is always available to be contacted by shareholders for any query that the shareholders may have. The queries can be submitted by telephone, email or fax to the Company's office. The Company has implemented an investor relations program to facilitate effective two-way communication with investors.

The chairman encourages questions and comments at the AGM ensuring that shareholders have a chance to obtain direct response from the CEO and other appropriate Board members. The Company requests that the auditors attend the AGM and are available to answer any questions with regard to the conduct of the audit and their report. Written transcripts of the meeting are made available on the company's website.

***Recommendation 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 company engages its share registry to manage the majority of communications with shareholders. Shareholders are encouraged to receive correspondence from the company electronically, thereby facilitating a more effective, efficient and environmentally friendly communication mechanism with shareholders. Shareholders not already receiving information electronically can elect to do so through the share registry, Computershare.

**Principle 7: Recognise and manage risk**

***Recommendations 7.1 & 7.2***

***The board of a listed entity should: (a) have a committee or committees to oversee risk, each of 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 risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework (7.1).***

***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 (7.2).***

The Board maintains a combined Audit and Risk Committee. The members of the Committee are detailed in Recommendation 4.2 above.

The charter of the Audit and Risk Committee can be found on the company's website.

The Audit and Risk Committee reviews the company's risk management framework annually to ensure that it is still suitable for the company's operations and objectives and that the company is operating within the risk parameters set by the Board. As a consequence of the last review undertaken for the year ended 30 June 2015, there were no significant recommendations made.

***Recommendation 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 Chief Executive Officer and Chief Financial Officer have made representations to the Committee on the system of risk management and internal compliance and control which implements the policies adopted by the Board. The Chief Executive Officer and Chief Financial Officer have also represented that, to the best of their knowledge, the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

***Recommendation 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.***

Refer to the company's Annual Report and the recently filed SEC F1 statement for the NASDAQ IPO (refer ASX lodgements) for disclosures relating to the company's material business risks (including any material exposure to economic, environmental or social sustainability risks). Refer to commentary at Recommendations 7.1 and 7.2 for information on the company's risk management framework.

#### **Principle 8: Remunerate fairly and responsibly**

***Recommendation 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 Board maintains a combined Remuneration and Nominations Committee. The members of the Committee are detailed in Recommendation 2.1 above.

Details of the qualifications and experience of the members of the Committee is detailed in the 'Information of directors' section of the Directors' report.

The Remuneration Committee oversees remuneration policy and monitors remuneration outcomes to promote the interests of shareholders by rewarding, motivating and retaining employees. The committee's charter sets out the roles and responsibilities, composition and structure of the Committee and is available on the company's website.

The number of Committee meetings held and attended by each member is disclosed in the 'Meetings of directors' section of the Directors' report.

***Recommendation 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.***

Non-executive directors are remunerated at market rates for comparable companies for time, commitment, and responsibilities. The Board as a whole determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties, and accountability. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive directors are not linked to the performance of the consolidated entity. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company. Further details in relation to the company's remuneration policies are contained in the Remuneration Report, within the Directors' report.

***Recommendation 8.3 - A listed entity which has an equity-based remuneration scheme should: (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 (b) disclose that policy or a summary of it***

The use of derivatives or other hedging arrangements for unvested securities of the company or vested securities of the company which are subject to escrow arrangements is prohibited. Where a director or other senior executive uses derivatives or other hedging arrangements over vested securities of the company, this will be disclosed.