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# Board Charter

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Hexima Limited  
ACN 079 319 314



**Arnold Bloch Leibler**

Level 21, 333 Collins Street  
Melbourne Victoria 3000 Australia

Level 24, Chifley Tower, 2 Chifley Square  
Sydney NSW 2000 Australia

# Board Charter

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# Board Charter

## 1 Definitions and interpretation

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### 1.1 Definitions

In this document, unless expressly provided otherwise:

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<b>ASX</b>	means ASX Limited.
<b>ASX Listing Rules</b>	means the official listing rules and requirements from time to time of the ASX.
<b>Audit and Risk Management Committee</b>	means the official listing rules and requirements from time to time of the ASX.
<b>Board</b>	means the board of directors of the Company.
<b>Board Meeting</b>	means a duly convened meeting of the Board.
<b>Chair</b>	means the Chair of the Board from time to time.
<b>Chief Executive Officer</b>	means the chief executive officer of the Company from time to time.
<b>Chief Financial Officer</b>	means the chief financial officer of the Company or the person who performs a chief financial officer function in relation to the Company from time to time.
<b>Committees</b>	means the Audit and Risk Management Committee and the Remuneration and Nomination Committee.
<b>Common Director</b>	has the meaning given to that term in section 7.1(a).
<b>Company</b>	means Hexima Limited.
<b>Company Secretary</b>	means the company secretary of the Company from time to time.
<b>Constitution</b>	means the constitution of the Company.
<b>Continuous Disclosure Policy</b>	means the policy relating to the Company's compliance with its Continuous Disclosure Obligations, as set out in Schedule 6.
<b>Corporations Act</b>	means the <i>Corporations Act 2001</i> (Cth).
<b>Director</b>	means a director of the Company from time to time.

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<b>Key Management Personnel</b>	has the meaning given to that term in the Security Trading Policy.
<b>Other Company</b>	has the meaning given to that term in section 7.1(a).
<b>Relevant Interest</b>	has the meaning given to that term in section 17.1(a).
<b>Remuneration and Nomination Committee</b>	means the remuneration and nomination committee of the Board.
<b>Senior Management</b>	means the members of the executive management of the Company, including the Chief Executive Officer and his direct employees.
<b>Security Trading Policy</b>	means the policy adopted by the Board relating to trading in the Company's securities by Key Management Personnel, as set out in Schedule 5.
<b>Shareholder</b>	means a holder of shares in the Company.

## 2 Board of directors

A list of members of the Board is provided on the Company's website: [www.hexima.com.au](http://www.hexima.com.au).

For details on the responsibilities and duties of the Board, refer to section 5.

## 3 Board committees

Hexima has established an Audit and Risk Management Committee and a Remuneration and Nomination Committee. A list of members of each Committee is provided on the Company's website: [www.hexima.com.au](http://www.hexima.com.au). In addition to its members, all other Directors are entitled to attend any meetings of these Committees.

For details on the responsibilities and duties of each Committee, refer to sections 8.2 and 8.3 and their charters at Schedule 3 and Schedule 4.

## 4 Corporate directory

### 4.1 Registered office

La Trobe Institute for Molecular Science  
 Level 4, LIMS2  
 La Trobe University  
 VIC 3086

## **4.2 Share register**

Link Market Services  
Level 13, Tower 4  
727 Collins Street  
Melbourne VIC 3000

## **4.3 Lawyers and advisers**

Arnold Bloch Leibler  
Level 21  
333 Collins Street  
Melbourne VIC 3000

## **4.4 Auditors**

KPMG Australia  
Tower 2, Collins Square  
727 Collins Street  
Docklands VIC 3008

# **5 Corporate governance**

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## **5.1 Responsibilities of the Board**

The Directors are responsible for protecting the rights and interests of the Company, its Shareholders and other stakeholders, including creditors and employees, and are accountable to them for the overall management of the Company.

The Board's responsibilities include:

- (a) protecting and enhancing the value of the assets of the Company;
- (b) providing leadership and setting strategies, directions and monitoring and reviewing against these strategic objectives;
- (c) reviewing and ratifying internal controls, codes of conduct and legal compliance;
- (d) reviewing the Company's financial statements and overseeing the integrity of the Company's accounting and corporate reporting systems, including the external audit;
- (e) approval and review of the operating budget and the strategic plan for the Company;
- (f) evaluating performance and determining the remuneration of the Chief Executive Officer and Senior Management and the Company's remuneration framework generally;

- (g) ensuring the significant risks facing the Company have been identified and adequate control monitoring and reporting mechanisms are in place;
- (h) approval of transactions relating to acquisitions, divestments and capital expenditure above delegated authority limits;
- (i) approval of financial and dividend policy (refer to section 5.8);
- (j) appointment of the Chief Executive Officer;
- (k) overseeing the Company's process for making timely and balanced disclosure of all material information concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities;
- (l) ensuring that the Company has in place an appropriate risk management framework and setting the risk appetite within which the Board expects Senior Management to operate; and
- (m) monitoring the effectiveness of the Company's governance practices.

To assist in the execution of the above responsibilities, the Board has in place two Board Committees comprising an Audit and Risk Management Committee and a Remuneration and Nomination Committee.

## 5.2 Structure of the Board

- (a) The number of Directors must not be less than 3 (clause 24 of the Company's Constitution and section 201A(2) of the Corporations Act). On the date that this charter was adopted, there were 8 Directors of the Company.
- (b) With the exception of the Chief Executive Officer, a Director may not hold office for more than three years or beyond the third annual general meeting following his or her appointment (whichever is the longer period) without submitting himself or herself for re-election (clause 24.10 of the Constitution and ASX Listing Rule 14.4).
- (c) The Board should, where practical, at all times comprise a minimum of 1 independent Director and 2 non-executive directors, to ensure that the Company is run in its own best interests and, accordingly, in the best interests of Shareholders.

In assessing the independence of Directors, the Board will apply the definitions contained in the ASX Corporate Governance Principles and Recommendations (4th Edition) (**ASX Principles**) as set out in Schedule 1.

A candidate for election as a Director must disclose to the Company all interests, positions, associations and relationships that may bear on his or her independence.

If there is a change in a non-executive Director's interests, positions or relationships that could bear on his or her independence, the non-executive Director must inform the Remuneration and Nomination Committee at the earliest opportunity.

The Remuneration and Nomination Committee will regularly assess the independence of each non-executive Director, which will take place at least annually at or around the time that the Remuneration and Nomination Committee considers candidates for election to the Board. In the case of a change in a non-executive Director's interests, positions or relationships, the assessment should be made as soon as practicable after the Remuneration and Nomination Committee becomes aware of the change.

- (d) The composition of, and terms of reference for, the Board is to be reviewed annually by the Board, and the Board, under the direction of the Chair, is to assess the effectiveness of the Board.

### **5.3 Policy and procedures for appointment, retirement and rotation**

- (a) The retirement, rotation and appointment of Directors is set out in the Constitution.
- (b) The Board, based on the recommendations of the Remuneration and Nomination Committee, regularly reviews the composition of the Board and the succession plans for Directors.
- (c) The Remuneration and Nomination Committee shall make an initial assessment of the necessary and desirable competencies for any new Director.
- (d) Where appropriate, the Remuneration and Nomination Committee will engage the services of an external consultant to search for appropriate candidates for directorship.
- (e) Before the Company appoints any person as a Director or puts forward to Shareholders a new candidate for election as a Director, the Company will ensure that appropriate checks are undertaken, including checks as to the person's character, experience, education, criminal record and bankruptcy history.
- (f) In considering a candidate for directorship, the Remuneration and Nomination Committee shall review, amongst other things:
  - (i) the skills, knowledge, experience and diversity required on the Board and the extent to which each is currently represented by current Directors on the Board;
  - (ii) the business and strategic needs of the Company;
  - (iii) the need to cater for replacement Directors ahead of scheduled retirements;
  - (iv) the biographical details including competencies, experience, skills and qualifications of the candidate;
  - (v) the necessary time a new Director will be required to provide to the Company; and
  - (vi) details of other commitments of the candidates (including any other material directorships currently held by the candidate).



- (g) Before appointing a Director or Senior Executive, or putting someone forward for election as a Director, the Remuneration and Nomination Committee shall undertake appropriate checks, including checks in respect of character, experience, education, criminal record and bankruptcy history (as appropriate).
- (h) The Remuneration and Nomination Committee will review potential candidates for directorship and make a recommendation to the Board.
- (i) A candidate will be interviewed by the Chief Executive Officer and the Chair.
- (j) The appointment of any new Director will be made by, and in accordance with, a formal letter of appointment setting out the key terms and conditions relative to that appointment.
- (k) The Board will ensure that any new Director is appropriately introduced to the Company and amongst other things, will provide to any new Director:
  - (i) a copy of the Constitution;
  - (ii) a copy of this Board Charter;
  - (iii) the most recent Annual Report of the Company;
  - (iv) a draft of the deed of indemnity, insurance and access given by the Company to each Director; and
  - (v) where appropriate, a summary of the most recent strategic plan of the Company.
- (l) The Board will also ensure that any new Director is acquainted with:
  - (i) knowledge of the industry within which the Company operates;
  - (ii) visits to specific Company operations when appropriate;
  - (iii) briefings with Senior Management and industry experts where appropriate.
- (m) Although Directors are elected by the Shareholders to bring special expertise or perspective to Board deliberations, the best interests of the Company will be paramount at all times.

## 5.4 Remuneration

- (a) The fees payable to non-executive Directors are determined by the Board within the aggregate amount approved by Shareholders.
- (b) Non-executive Directors will collectively be paid from a fixed sum out of the funds of the Company as remuneration for their services as Directors. The fixed sum has been set by the Board at a maximum of \$500,000 per annum. Following listing on the ASX, this amount can only be increased by the passing of an ordinary resolution of Shareholders.

## 5.5 Directors' retirement benefit

During Directors' tenure as Directors of the Company, the Company will make superannuation guarantee payments on behalf of Directors at the rate prescribed by, and in accordance with, the provisions of the superannuation guarantee legislation from time to time.

## 5.6 Independent counsel

An individual Director may engage separate independent counsel or professional advisors at the expense of the Company in appropriate circumstances, with the approval of the Chair or by resolution of the Board. Such appropriate circumstances may include, without limitation, whenever a Director judges such independent professional advice to be necessary for them to discharge their responsibility as a Director.

## 5.7 Directors' obligations

- (a) Directors must:
- (i) act in the best interests of the Company;
  - (ii) at all times act honestly in the exercise of their powers and the discharge of the duties of their office;
  - (iii) exercise the degree of care and diligence that a reasonable person in a like position in a corporation would exercise in the Company's circumstances (refer to section 5.7(b));
  - (iv) ensure that at all times they have a good understanding of strategies and the businesses conducted by the Company;
  - (v) carefully study Board materials and issues;
  - (vi) be active, objective and constructive in their participation at meetings of the Board and Committees;
  - (vii) assist in representing the Company to the public;
  - (viii) counsel on corporate issues;
  - (ix) ensure that they have a good understanding of general economic trends and corporate governance;
  - (x) ensure that they have an appropriate base level of understanding of accounting matters to fulfil their responsibilities to read the financial statements of the Company carefully and to consider whether what they disclose is consistent with their own knowledge of the Company's affairs;
  - (xi) minimise the possibility of conflict of interest in their involvement with the Company by restricting their involvement in other similar businesses.

- (b) A Director will be deemed to have met the requirement of care and diligence, as set out in section 5.7(a)(iii), if:
- (i) the judgement was made in good faith and for a proper purpose;
  - (ii) the Director does not have a material personal interest in the subject matter of the judgement;
  - (iii) the Director informed himself/herself about the subject matter of the judgement to the extent he/she reasonably believes to be appropriate; and
  - (iv) the Director rationally believes that the judgement is in the best interests of the Company.

## 5.8 Approval of financial statements

Notwithstanding any other requirement of the Corporations Act, before the Board approves the Company's financial statements for a financial period, it must receive from the Chief Executive Officer and Chief Financial Officer 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.

## 6 Dividend policy

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The Company does not expect to pay dividends until such time as the Board is of the opinion that the financial position of the Company warrants it. Notwithstanding this general policy statement, the Board has a discretion to adopt any dividend policy as it determines from time to time.

## 7 Conflicts of interest

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### 7.1 Company's acknowledgments

- (a) Some of its Directors (in this section referred to as the "**Common Director**") may, from time to time, hold directorships in other companies (in this section referred to as the "**Other Company**").
- (b) Any information confidential to the Other Company which a Common Director possesses and which came into his or her possession in the course of the performance of his or her duties as an officer of the Other Company cannot and shall not be communicated to the Company or any officer or employee of the Company without the consent of the Other Company.
- (c) Any information which a Common Director possesses in relation to the Other Company which is not generally available but, if the information were generally available, a reasonable person would expect it to have a material effect on the

price or value of securities of the Other Company cannot and shall not be communicated to the Company or any officer or employee of the Company.

## 7.2 Meetings at which conflicts arise

- (a) Where at any meeting of the Company it is proposed to discuss any matter which gives rise or may give rise to a conflict or a real sensible possibility of a conflict of interest between the duties and obligations of the Common Director to the Company and to the Other Company, the Common Director:
  - (i) must not be present while that matter is being considered; and
  - (ii) must not vote on that matter,unless the other Directors pass a resolution that states, effectively, that those Directors, having considered the nature and extent of the conflict or possible conflict, are satisfied that the matter should not disqualify the Common Director from being present or voting.
- (b) A Common Director may at any meeting of the Company request that the meeting be postponed or temporarily adjourned to enable him or her to seek legal advice on whether he or she can:
  - (i) be present while the matter in question is being considered; and
  - (ii) vote on the matter in question.

## 8 Board Committees

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### 8.1 General

- (a) The current Committees of the Board include the Audit and Risk Management Committee and the Remuneration and Nomination Committee.
- (b) The Board Committees review and analyse policies and strategies, usually developed by management, which are within their terms of reference (detailed in Schedule 3 and Schedule 4 of the Board Charter).
- (c) The Board Committees examine proposals and, where appropriate, report and/or make recommendations to the Board.
- (d) The Board Committees do not take action or make decisions on behalf of the Board unless specifically mandated by prior Board authority to do so.
- (e) The composition and terms of reference for the Board Committees are reviewed annually by the Board. The Board, under the direction of the Chair, assesses the effectiveness of each Board Committee annually.
- (f) A Board Committee may engage separate independent counsel or advisors at the expense of the Company, in appropriate circumstances, with the approval of the Chair or by resolution of the Board.

- (g) The Company must disclose in, or in conjunction with, its Annual Report, in relation to each reporting period relevant to a Board Committee, the number of times each Board Committee met throughout the period and the individual attendances of the members at those Board Committee meetings.

## **8.2 Audit and Risk Management Committee**

- (a) A copy of the charter of the Audit and Risk Management Committee is set out in Schedule 3.
- (b) The purpose of the Audit and Risk Management Committee is to assist the Board in fulfilling its corporate governance and oversight responsibilities relating to:
  - (i) the integrity of the Company's financial reporting;
  - (ii) the effectiveness of the Company's systems of financial risk management and internal control;
  - (iii) the external audit functions;
  - (iv) the Company's risk profile and risk policy; and
  - (v) the effectiveness of the Company's risk management framework and supporting risk management systems.
- (c) The current members of the Audit and Risk Management Committee are as set out section 3.

## **8.3 Remuneration and Nomination Committee**

- (a) A copy of the charter of the Remuneration and Nomination Committee is set out in Schedule 4.
- (b) The purpose of the Remuneration and Nomination Committee is to:
  - (i) develop criteria for Board membership and identify specific individuals for nomination;
  - (ii) establish processes for the review of the performance of individual Directors, Board Committees and the Board as a whole;
  - (iii) review and make recommendations to the Board on board succession planning generally;
  - (iv) review and make recommendations to the Board on the process for recruiting a new Director, including evaluating the balance of skills, knowledge, experience, independence and diversity on the Board;
  - (v) review and make recommendations to the Board on the Company's remuneration framework, remuneration packages and policies applicable to the members of the executive management of the Company and Directors;

- (vi) review and make recommendations to the Board on equity-based remuneration plans for senior executives and other employees;
  - (vii) define levels at which the Chief Executive Officer must make recommendations to the Remuneration and Nomination Committee on proposed changes to remuneration and employee benefit policies;
  - (viii) ensure that remuneration packages and policies attract, retain and motivate high calibre executives; and
  - (ix) ensure that remuneration policies demonstrate a clear relationship between key executive performance and remuneration.
- (c) The current members of the Remuneration and Nomination Committee are as set out in section 3.

## **9 Chair of the Board**

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### **9.1 Introduction**

- (a) The Board supports the separation of the role of the Chair from that of the Chief Executive Officer.
- (b) The general role of the Chair is to manage the Board effectively, to provide leadership to the Board and to interface with the Chief Executive Officer.
- (c) The Chair need not be an independent Director.
- (d) The Chair will be Jonathan West.

### **9.2 Working with management**

The Chair will:

- (a) act as the principal sounding board and counsellor for the Chief Executive Officer including helping to define problems, reviewing strategy, maintaining accountability, building relationships and ensuring the Chief Executive Officer is aware of concerns of the Board and Shareholders;
- (b) lead the Board in monitoring and evaluating the performance of the Chief Executive Officer; and
- (c) co-ordinate with the Chief Executive Officer to ensure that management's strategy, plans and performance are appropriately represented to the Board and Shareholders as appropriate.

### **9.3 Managing the board**

The Chair will:

- (a) ensure that the Board has full governance of the Company's business and affairs and that the Board is alert to its obligations to the Company, Shareholders and management under the law;
- (b) provide leadership to the Board, assist the Board in reviewing and monitoring the aims, strategy, policy and directions of the Company and the achievement of its objectives;
- (c) facilitate the effective contribution of all Directors and promoting constructive and respectful relations between Directors and between the Board and Senior Management;
- (d) communicate with the Board to keep it up to date on all major developments, including timely discussion of potential developments and directing management to ensure that the Board has sufficient knowledge to permit it to make major decisions when such decisions are required;
- (e) set the frequency of the Board meetings and review such frequency from time to time as considered appropriate or as requested by the Board;
- (f) co-ordinate the agenda, information packages and related events for Board meetings with the Chief Executive Officer and the Company Secretary;
- (g) chair Board meetings;
- (h) attend Board Committee meetings where appropriate; and
- (i) act in a manner such that Board and Committee meetings are conducted in an efficient, effective and focused manner.

## 9.4 Relations with Shareholders and the public

The Chair will:

- (a) chair meetings of Shareholders; and
- (b) at the request of the Chief Executive Officer take steps such that the Company's management and, where applicable, the Board are appropriately represented at official functions and meetings with major Shareholder groups, other stakeholder groups (including suppliers, customers, employees, governments, regulators and local communities), financial analysts, financial press, and debt and equity providers.

# 10 Chief Executive Officer

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## 10.1 Responsibilities

- (a) The Chief Executive Officer is in charge of the day-to-day leadership and management of the Company.
- (b) The Chief Executive Officer also has the responsibility of managing and overseeing the interfaces between the Company and the public and to act as the principal representative for the Company.

- (c) The Chief Executive Officer must report annually to the Board on succession planning and management development.

## **10.2 Evaluation**

- (a) The Board evaluates the performance of the Chief Executive Officer and his or her direct reports annually.
- (b) The evaluation is based on criteria that include the performance of the business, the accomplishment of long-term strategic objectives and other non-quantitative objectives established at the beginning of each year.

## **10.3 Delegations of authority**

Refer to section 13.4 for the specific authorities delegated to the Chief Executive Officer.

# **11 Senior Management**

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## **11.1 Obligations**

Senior Management will:

- (a) be responsible for implementing the strategic objectives of the Company and operating within the risk appetite set by the Board;
- (b) develop strategies to deliver a strong market presence and build Shareholder wealth over the long term;
- (c) recommend appropriate strategic and operating plans;
- (d) maintain effective control of operations;
- (e) measure performance against peers;
- (f) be strong, principled and provide ethical leadership;
- (g) assure sound succession planning and management development;
- (h) provide sound organisational structure;
- (i) inform the Board regularly regarding the status of key initiatives;
- (j) be responsible for providing the Board with accurate, timely and clear information to enable the Board to perform its responsibilities and ensure the Board has "no surprises"; and
- (k) advance Board materials which contain the right amount of information and are received sufficiently in advance of Board meetings.



## 11.2 Evaluation

- (a) The Board evaluates the performance of the Senior Management, with the assistance of the Chief Executive Officer, annually.
- (b) The evaluation is based on criteria that include the performance of the business, the accomplishment of long-term strategic objectives and other non-quantitative objectives established at the beginning of each year.

## 12 Company Secretary

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### 12.1 Obligations

The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board. The role of the Company Secretary includes:

- (a) advising the Board and the Committees on governance matters;
- (b) monitoring that Board and Committee policy and procedures are followed;
- (c) coordinating the timely completion and despatch of Board and Committee papers;
- (d) ensuring that the business at Board and Committee meetings is accurately captured in the minutes; and
- (e) helping to organise and facilitate the induction and professional development of directors.

### 12.2 Policy and procedures for appointment and removal

The decision to appoint or remove the Company Secretary is to be made or approved by the Board. For the avoidance of doubt, the decision to appoint the Company Secretary must be formally resolved, rather than simply approved, by the Board as required by section 204D of the Corporations Act.

## 13 Delegated authorities

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### 13.1 Obligations pursuant to Constitution

Under the Constitution, the Board may delegate any of its powers to:

- (a) a committee of Directors;
- (b) a Director;
- (c) an employee or adviser of the Company; or
- (d) an attorney.

## 13.2 Primary role of the board

The Board has determined its primary roles to include:

### (a) Fiduciary requirements

- (i) Approval of major transactions - acquisition/divestments (certain major transactions may also require the approval of Shareholders pursuant to the ASX Listing Rules).
- (ii) Approval of capital expenditures above delegated authorities.

### (b) Shareholder Value/Corporate Strategy

- (i) Reviewing the Company's performance against its strategic objectives.
- (ii) Risk profile.
- (iii) Return expectation.
- (iv) Financial policy.
- (v) Results reporting.

### (c) Organisation

Chief Executive Officer appointment and remuneration.

### (d) Selection of Directors

- (i) Recruitment.
- (ii) Performance review.
- (iii) Remuneration.

### (e) Processes

For the efficient discharge of responsibilities.

## 13.3 Delegation powers

The formulation and implementation of certain aspects of the Board's responsibilities and duties may be through the delegation of certain of its powers to a committee of Directors by the authority of Section 198D of the Corporations Act:

### "Section 198D Delegation"

**198D(1) [Delegation of powers]** The Directors may delegate any of their powers to a committee of Directors, a Director, an employee of the Company or any other person.

**198D(2) [Exercise by delegate]** The delegate must exercise the powers delegated in accordance with any directions of the Directors.

**198D(3) [Effect of exercise of powers]** The exercise of the power by the delegate is as effective as if the Directors exercised it.

### **13.4 Delegations of authority to the chief executive officer**

To assist the Board to discharge its responsibilities and duties it has resolved to delegate responsibility for the day-to-day leadership and management of the Company and its business to the Chief Executive Officer.

## **14 Security Trading Policy**

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- 14.1 The Company has adopted a security trading policy relating to trading in the Company's securities by Key Management Personnel in accordance with the ASX Listing Rules. A copy of the Security Trading Policy is set out in Schedule 5.
- 14.2 The purpose of the Security Trading Policy is to ensure compliance with the ASX Listing Rules and the Corporations Act, and to ensure that Key Management Personnel and their associates are aware of the legal restrictions that exist on dealing in the Company's securities while such a person is in possession of price sensitive information concerning the Company (as detailed in the Security Trading Policy).

## **15 Continuous Disclosure Policy**

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- 15.1 The Company has adopted a continuous disclosure policy relating to the Company's continuous disclosure obligations under the Corporations Act and the ASX Listing Rules. A copy of the Continuous Disclosure Policy is set out in Schedule 6.
- 15.2 The purpose of the Continuous Disclosure Policy is to ensure that the Company complies with its disclosure obligations under the Corporations Act and the ASX Listing Rules.

## **16 Other Board Policies**

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The Board has adopted a number of other corporate governance policies to ensure that the Company is governed efficiently and effectively, and at a high level of integrity. These policies include:

- (a) a Code of Conduct (refer to Schedule 7);
- (b) a Risk Management Policy (refer to Schedule 8);
- (c) a Shareholder Communication Policy (refer to Schedule 9);
- (d) a process for evaluation of the performance of the Board, Committees, Directors and Senior Management (refer to Schedule 10); and
- (e) a Diversity Policy (refer to Schedule 11).

## 17 Disclosure of directors' interests

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### 17.1 Corporations Act - directors' obligations

- (a) In this section, "**Relevant Interest**" means:
  - (i) a person is the holder of the securities;
  - (ii) a person has the power to exercise, or control the exercise of, a right to vote attached to the securities; or
  - (iii) a person has the power to dispose of, or control the exercise of a power to dispose of, the securities.
- (b) Section 205G of the Corporations Act requires a director of a listed company to notify the ASX of the following interests of the director:
  - (i) Relevant Interests in securities of the Company or of a related body corporate;
  - (ii) contracts to which the director is a party or under which the director is entitled to a benefit and that confer a right to call for or deliver:
    - (A) shares in; or
    - (B) debentures of; or
    - (C) interests in a managed investment scheme made available by, the Company or a related body corporate.
- (c) A notice of the relevant interest must give details of the nature and extent of the interest and be given within 14 days of the interest arising or changing.

### 17.2 ASX listing rules - the Company's obligations

In addition to the requirements under the Corporations Act, the Company has an obligation to notify the ASX of the relevant interests of each Director of the Company under ASX Listing Rule 3.19A.

### 17.3 What action is required by a Director?

- (a) A Director will be relieved of his or her obligations under Section 205G of the Corporations Act if the Company complies with ASX Listing Rule 3.19A.
- (b) In order for the Company to comply with its obligations, and thus relieve the Director from his or her obligations, the Director must provide the necessary information to the Company.
- (c) Each Director must enter into an arrangement with the Company which will require him or her to disclose to the Company all of the information necessary for the Company to comply with its obligations to notify the ASX. A pro-forma agreement is set out in Schedule 2.

## 17.4 Initial notification

- (a) The Company must notify the ASX of a Director's relevant interests in the Company's securities within 5 business days of being appointed a Director of the Company.
- (b) If the Company does not notify the ASX due to non-disclosure by the relevant Director, that Director would not be relieved of his or her obligations under Section 205G of the Corporations Act. Consequently, the Director would still have an obligation to notify the ASX of his or her relevant interests in the Company's securities within 14 days of being appointed a Director of the Company.
- (c) A Director who retires and is then re-appointed at the same meeting is not required to notify the ASX of his or her relevant interests again.

## 17.5 Notification of changes

- (a) The Company must notify the ASX of a change in the Director's relevant interests in the Company's securities within 5 business days after the change occurs.
- (b) If the Company does not notify the ASX of any change due to non disclosure by the relevant Director, that Director would not be relieved of his or her obligations under Section 205G of the Corporations Act. Consequently, the Director would still have an obligation to notify the ASX within 14 days of any change in his or her relevant interests unless the Director has already given the information to the ASX pursuant to the substantial holding provisions of the Corporations Act. In contrast to the substantial shareholder notices required under Section 671B of the Corporations Act, notices under Section 205G of the Corporations Act cover any change to the Director's relevant interests.

## 17.6 Notification on ceasing to be a director

The Company must notify the ASX of a Director's relevant interest in the Company's securities as at the date the Director ceases to be a Director of the Company within 5 business days after cessation.

# 18 Substantial Shareholders

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## 18.1 Obligation of Shareholders

Section 671B of the Corporations Act requires each Shareholder of the Company to notify the ASX and the Company if:

- (a) they begin, or cease, to have a substantial holding in the Company;
- (b) they are a substantial shareholder and there is a movement of at least 1% in their holding; or
- (c) they make a takeover bid for securities of the Company.

## 18.2 Are you a substantial Shareholder?

A Shareholder has a substantial holding in the Company if the total votes attached to voting shares in the Company in which they (and/or their associates) have a relevant interest in, is 5% or more of the total number of votes attached to the voting shares in the Company.

## 18.3 Information and documentation to be provided

- (a) The information to be provided includes:
  - (i) details of the Shareholder's relevant interest in voting shares in the Company;
  - (ii) details of any relevant agreement through which they would have a relevant interest in voting shares in the Company;
  - (iii) the name of each associate who has a relevant interest in voting shares in the Company together with details of the nature of the association, the relevant interest of the associate and any relevant agreement through which the associate has the relevant interest;
  - (iv) the size and date of any movement in the holding (if applicable); and
  - (v) the name of any person who ceases to be an associate (if applicable).
- (b) The above information must be accompanied by:
  - (i) a copy of any document setting out the terms of any relevant agreement that contributed to the situation giving rise to the shareholder needing to provide the information, which is in writing and readily available to the Shareholder; or
  - (ii) if the agreement is not in writing and readily available to the shareholder - a statement by the Shareholder giving full and accurate details of any contract, scheme or arrangement that contributed to the situation giving rise to the Shareholder needing to provide the information.

## 18.4 Lodging requirements

- (a) When a person becomes a substantial Shareholder in the Company they must give an initial substantial holder notice to the Company and the ASX within 2 business days after the day on which the person becomes aware that they became a substantial Shareholder. The form of notice is contained in ASIC Form 603.
- (b) A substantial Shareholder is required to notify the Company and the ASX of any change in their shareholding by more than 1% within 2 business days after the day on which the substantial Shareholder becomes aware of the change. The form of notice is contained in ASIC Form 604.
- (c) Where a person ceases to be a substantial Shareholder, that person must notify the Company and the ASX within 2 business days after the day on which the

person ceased to be a substantial Shareholder. The form of notice is contained in ASIC Form 605.

## **19 Specific operational authorities**

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### **19.1 Appointment of consultants**

Any Director with the prior approval of the Chair, or by resolution of the Board, can appoint legal or financial consultants at the expense of the Company. The Chief Executive Officer is authorised to appoint consultants to advise on specific aspects of the Company's operations, acquisitions and/or divestments. They may also appoint legal or financial consultants or other management advisors where deemed appropriate.

### **19.2 Legal advisors - auditors - taxation advisors**

Any change to these advisors must be approved by the Board. The Chief Executive Officer may authorise specific advice to be taken from an advisor who is not deemed to be the official corporate advisor.

### **19.3 Initiation of or participation in litigation**

- (a) Any unusual or sensitive litigation, such as litigation against a Government, appeal of a regulatory decision, litigation with possible sensitive reactions from major customers and suppliers, or litigation with sensitive public relations must be approved by the Chief Executive Officer before being actioned.
- (b) Notice of any legal action taken by an outside party against Company or any employees of the Company is to be given as soon as possible to the Chief Executive Officer or the Company Secretary.

### **19.4 Donations and gifts**

#### **(a) Political Donations**

No person other than the Board shall have authority to make donations to any political party, whether local, provincial or central. The Board has currently resolved that there will be no political donations.

#### **(b) Giving (non political)**

Corporate 'giving' that is aimed at the standing of the Company as a whole in the community is the responsibility of the Board and delegated to the Chief Executive Officer.

## **20 Foreign Directors**

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If a Director does not speak the language in which key corporate documents are written or Board or Shareholder meetings are held, the Company will ensure that:

- (a) such documents are translated into the Director's native language; and

- (b) a translator is present at all Board and Shareholder meetings.





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# Schedule 1 Director Independence

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The ASX Corporate Governance Principles and Recommendations (4th Edition) (**ASX Principles**) provide that a director of a listed entity should only be characterised and described as an independent director if he or she is free of any interest, position 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 interests of an individual shareholder or other party.

The Recommendations provide the following examples of interests, positions and relationships that might cause doubts about the independence of a director:

- 1 is, or has been, employed in an executive capacity by the entity or any of its child entities and there has not been a period of at least three years between ceasing such employment and serving on the board;
- 2 receives performance-based remuneration (including options or performance rights) from, or participates in an employee incentive scheme of the entity;
- 3 is, or has been within the last three years, in a material business relationship (eg as a supplier, professional adviser, consultant or customer) with the entity or any of its child entities, or is an officer of, or otherwise associated with, someone with such a relationship;
- 4 is, represents, or is or has been within the last three years an officer or employee of, or professional adviser to, a substantial holder;
- 5 has close personal ties with any person who falls within any of the categories described above; or
- 6 has been a director of the entity for such a period that his or her independence from management and substantial holders may have been compromised.

In relation to the above examples, the Recommendations provide that:

- 1 in each case, the materiality of the interest, position or relationship needs to be assessed by the board to determine whether it might interfere, or might reasonably be seen to interfere, with the director's capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the entity as a whole rather than in the interests of an individual security holder or other party;
- 2 in relation to the fourth example set out above, the holding of securities in the entity may help to align the interests of a director with those of other security holders, and such holdings are therefore not discouraged. The example simply reflects and addresses a perception that:
  - (a) a director who is a substantial holder in the entity is likely to have such a proportion of their personal wealth tied up in that holding that they have a qualitatively different interest to security holders generally; while
  - (b) a director who represents, or is or has been within the last three years an officer or employee of, or professional adviser to, a substantial holder is likely to have a bias towards the individual interests of that substantial holder rather than the interests of security holders generally.

- 3 In relation to the fifth example set out above, these ties may be based on family, friendship or other social or business connections;
- 4 in relation to the last example, the Council recognises that the interests of a listed entity and its security holders are likely to be well served by having a mix of directors, some with a longer tenure with a deep understanding of the entity and its business and some with a shorter tenure with fresh ideas and perspective. It also recognises that the chair of the board will frequently fall into the former category rather than the latter. The mere fact that a director has served on a board for a substantial period does not mean that he or she has become too close to management to be considered independent. However, the board should regularly assess whether that might be the case for any director who has served in that position for more than 10 years.

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# Schedule 2 Pro-forma Agreement - Disclosure of Directors' Interest

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[Title] [Last Name]  
[Company]  
[Address]  
[City] [State]  
[Country]

Dear [First Name]

## Re: Hexima Limited - ASX Listing Rule 3.19B

Hexima Limited ACN 079 319 314 (the "**Company**") is required, under the Listing Rules of the ASX Limited (**ASX**), to disclose to ASX details of directors' interests in securities, and in contracts relevant to securities. The Company is also required to enter into an agreement with directors under which directors are obliged to provide the necessary information to the entity.

If you agree to the following terms, please sign and return the enclosed copy of this letter.

### Initial disclosure

- 1 You will provide the following information as at [date].
  - (a) Details of all securities registered in your name. These details include the number and class of the securities.
  - (b) Details of all securities not registered in your name but in which you have a relevant interest within the meaning of section 9 of the Corporations Act. These details include the number and class of the securities, the name of the registered holder and the circumstances giving rise to the relevant interest.
  - (c) Details of all contracts (other than contracts to which the Company is a party) to which you are a party or under which you are entitled to a benefit, and that confer a right to call for or deliver shares in, debentures of, or interests in a managed investment scheme made available by the Company or a related body corporate. These details include the number and class of the shares, debentures or interests, the name of the registered holder if the shares, debentures or interests have been issued and the nature of your interest under the contract.
- 2 You will provide the required information as soon as reasonably possible after [date] and in any event no later than ten business days after [date].

### Ongoing disclosure

- 3 You will provide the following information.
  - (a) Details of changes in securities registered in your name other than changes occurring as a result of corporate actions by the Company. These details include the date of the change, the number and class of the securities held before and



after the change, and the nature of the change, for example on-market transfer. You will also provide details of the consideration payable in connection with the change, or if a market consideration is not payable, the value of the securities the subject of the change.

- (b) Details of changes in securities not registered in your name but in which you have a relevant interest within the meaning of section 9 of the Corporations Act. These details shall include the date of the change, the number and class of the securities held before and after the change, the name of the registered holder before and after the change, and the circumstances giving rise to the relevant interest. You will also provide details of the consideration payable in connection with the change, or if a market consideration is not payable, the value of the securities the subject of the change.
- (c) Details of all changes to contracts (other than contracts to which the Company is a party) to which you are a party or under which you are entitled to a benefit, and that confer a right to call for or deliver shares in, debentures of, or interests in a managed investment scheme made available by the Company or a related body corporate. These details include the date of the change, the number and class of the shares, debentures or interests to which the interest relates before and after the change, the name of the registered holder if the shares, debentures or interests have been issued, and the nature of your interest under the contract.

4 You will provide the required information as soon as reasonably possible after the date of the change and in any event no later than three business days after the date of the change.

#### **Final disclosure**

5 You will provide the following information as at the date of ceasing to be a director.

- (a) Details of all securities registered in your name. These details include the number and class of the securities.
- (b) Details of all securities not registered in your name but in which you have a relevant interest within the meaning of section 9 of the Corporations Act. These details include the number and class of the securities, the name of the registered holder and the circumstances giving rise to the relevant interest.
- (c) Details of all contracts (other than contracts to which the Company is a party) to which you are a party or under which you are entitled to a benefit, and that confer a right to call for or deliver shares in, debentures of, or interests in a managed investment scheme made available by the Company or a related body corporate. These details include the number and class of the shares, debentures or interests, the name of the registered holder if the shares, debentures or interests have been issued and the nature of the interest under the contract.

6 You will provide the required information as soon as reasonably possible after the date of ceasing to be a director and in any event no later than three business days after the date of ceasing to be a director.

#### **Agency**

7 You authorise the Company to give the information provided by yourself to ASX on your behalf and as your agent.



## Securities

8 "Securities" for the purposes of this letter means securities of the Company or a related body corporation.

Very best regards

[insert name]  
Company Secretary



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## Schedule 3    Audit and Risk Management Committee Charter

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A copy of the Charter can be found on our website at <https://hexima.com.au/corporate-governance/>



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## Schedule 4 Remuneration and Nomination Committee Charter

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A copy of the Charter can be found on our website at <https://hexima.com.au/corporate-governance/>



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## Schedule 5 Security Trading Policy

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A copy of the Policy can be found on our website at <https://hexima.com.au/corporate-governance/>





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## Schedule 6 Continuous Disclosure Policy

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A copy of the Policy can be found on our website at <https://hexima.com.au/corporate-governance/>



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## Schedule 7 Code of Conduct

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A copy of the Policy can be found on our website at <https://hexima.com.au/corporate-governance/>



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## Schedule 8 Risk Management Policy

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A copy of the Policy can be found on our website at <https://hexima.com.au/corporate-governance/>



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## Schedule 9 Shareholder Communication Policy

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A copy of the Policy can be found on our website at <https://hexima.com.au/corporate-governance/>



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## Schedule 10 Process for Evaluation of Performances

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A copy of the Policy can be found on our website at <https://hexima.com.au/corporate-governance/>



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## Schedule 11 Diversity Policy

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A copy of the Policy can be found on our website at <https://hexima.com.au/corporate-governance/>

