

# Board charter

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Prescient Therapeutics Limited ACN 006 569 106  
(Company)

# Board charter

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## 1. Introduction

- 1.1 Prescient Therapeutics Limited (**Company**) is a listed public company.
- 1.2 The board of directors of the Company (**Board**) is responsible for the corporate governance of the Company and its controlled entities (**Group**).
- 1.3 The purpose of this charter is to:
  - (a) promote high standards of corporate governance;
  - (b) clarify the role and responsibilities of the Board; and
  - (c) enable the Board to provide strategic guidance for the Group and effective management oversight.
- 1.4 This charter is supported by the code of conduct for directors and senior executives, the charter for the Audit Committee and the Market Disclosure Protocol.
- 1.5 To the extent that there is any inconsistency between this charter and the Company's constitution, the constitution will prevail to the extent of that inconsistency.

## 2. Board size, composition and independence

- 2.1 There must be a minimum of three directors and may only be a maximum of 10 directors.
- 2.2 It is noted that, ideally the Board should comprise:
  - (a) a majority of independent non-executive directors;
  - (b) directors with an appropriate range of skills, experience and expertise;
  - (c) directors who can understand and competently deal with current and emerging business issues; and
  - (d) directors who can effectively review and challenge the performance of management and exercise independent judgment.
- 2.3 An independent non-executive director is one who:
  - (a) is independent of management;
  - (b) free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgment; and
  - (c) otherwise meets the criteria for independence set out in the *Principles of Good Corporate Governance and Best Practice Recommendations* published by the ASX Corporate Governance Council.
- 2.4 While the Company will aim to have a Board that complies with the size and composition guidelines outlined in the above paragraphs, this may not always be practicable in the future given the size of the board and the circumstances of the Group, including the nature of the Group's business. Accordingly, the Board retains absolute discretion to determine the appropriate size and

composition of the Board from time to time, subject to the Constitution, Corporations Act and Listing Rules.

- 2.5 The Board will regularly assess whether each non-executive director is independent having regard to the *Corporate Governance Principles and Recommendations* published by the ASX Corporate Governance Council. Each non-executive director must provide to the Board all information relevant to his or her assessment in this regard. If a director's independent status changes, it will be immediately disclosed and explained to the market.
- 2.6 Each director is appointed by a formal letter of appointment setting out the key terms and conditions of their appointment to ensure that each director clearly understands the Company's expectations of him or her.

### 3. Board composition and skills matrix

Skills such as leadership and previous experience as a chief executive, chair or board member of a large organisation have traditionally been prerequisites to appointment as a director. In addition to the desirable qualities of a director set out in **clause 2.2**, the Board recognises that other skills gained from experience in the following areas are key skills and experience that the Board as a whole should comprise:

- (a) biotechnology industry experience;
- (b) business acquisition and integration skills;
- (c) financial literacy and legal and regulatory knowledge;
- (d) diversity;
- (e) policy and regulatory development and reform;
- (f) health, safety and environment and social responsibility; and
- (g) organisational development and human resources.

### 4. The Board's role and responsibilities

- 4.1 The Board acts in the best interests of the Company as a whole and is accountable to shareholders for the overall direction, management and corporate governance of the Company and the Group.
- 4.2 The Board is responsible for:
- (a) overseeing the Group, including its control and accountability systems;
  - (b) appointing and removing the chief executive officer;
  - (c) monitoring the performance of the chief executive officer;
  - (d) ratifying the appointment, and where appropriate, the removal of the chief financial officer and company secretary;
  - (e) ratifying other senior executive appointments, organisational changes and senior management remuneration policies and practices;
  - (f) approving succession plans for management;
  - (g) monitoring senior management's performance and implementation of strategy, and ensuring appropriate resources are available;

- (h) reporting to shareholders;
- (i) providing strategic advice to management;
- (j) approving management's corporate strategy and performance objectives;
- (k) determining and financing dividend payments;
- (l) approving and monitoring the progress of major capital expenditure, capital management, acquisitions and divestitures;
- (m) approving and monitoring financial and other reporting;
- (n) disclosing that it has received assurance from the chief executive officer and the chief financial officer that the declaration provided in accordance with section 295A of the *Corporations Act 2001* (Cth) (**Act**) is founded on a system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks;
- (o) reviewing and ratifying systems of risk management, internal compliance and control, and legal compliance to ensure appropriate compliance frameworks and controls are in place, and disclosing whether management has reported to it regarding the effectiveness of the Company's management of material business risks;
- (p) reviewing and overseeing the implementation of the code of conduct for directors and senior executives;
- (q) regularly assessing whether each of the non-directors is independent;
- (r) ensuring appropriate resources are available to senior executives;
- (s) approving charters of Board committees;
- (t) monitoring and ensuring compliance with legal and regulatory requirements and ethical standards and policies;
- (u) monitoring and ensuring compliance with best practice corporate governance requirements; and
- (v) nomination and remuneration responsibilities, as set out in **Schedule 1 (Nomination and Remuneration Responsibilities)**

## 5. Board Committees

5.1 The Board may elect to establish committee to assist it in carrying out its responsibilities, to share detailed work and to consider certain issues and functions in detail. Accordingly, the Board has established the following committee(s):

- (a) Audit Committee .

5.2 The charter or terms of reference of each Board committee setting out matters relevant to the composition, responsibilities and administration of the committee must be approved by the Board. Each committee will review its charter from time to time as appropriate.

## 6. Audit Committee

6.1 The objective of the Audit Committee is to:

- (a) help the Board fulfil its responsibilities in relation to:

- (i) financial reporting;
  - (ii) the application of accounting policies;
  - (iii) business policies and practices;
  - (iv) legal and regulatory compliance; and
  - (v) internal risk control and management systems;
- (b) maintain and improve the quality, credibility and objectivity of the financial accountability process (including financial reporting on a consolidated basis);
  - (c) promote a culture of compliance;
  - (d) encourage and promote communications between the Board and the senior compliance manager;
  - (e) provide a forum for communication between the Board and senior financial and compliance management;
  - (f) maintain and improve the effectiveness of the internal and external group audit functions and communication between the board and the external and internal auditors; and
  - (g) maintain and improve the effectiveness of compliance strategies and compliance function.

6.2 The Company notes that the ASX corporate governance guidelines recommend that the Audit Committee should comprise:

- (a) at least three directors;
- (b) all non-executive directors; and
- (c) a majority of independent directors,

the chairperson of which should be an independent director and should not be the chairperson of the Board.

## 7. Chairperson of the Board

7.1 The chairperson of the Board:

- (a) is appointed by the directors;
- (b) must be an independent non-executive director; and
- (c) may not be the same person as the chief executive officer.

7.2 The division of the responsibilities of the chairperson of the Board and the chief executive officer have been agreed by the Board and are set out in this charter.

7.3 The responsibilities of the chairperson of the Board include:

- (a) providing leadership to the Board and the Group;
- (b) promoting the efficient organisation and conduct of the Board's functions;
- (c) ensuring the Board debates and fully considers strategies designed to meet present and future needs of the Group;
- (d) ensuring the Board has an effective composition, size and commitment to adequately discharge its responsibilities and duties;
- (e) monitoring the performance of the Board;

- (f) facilitating Board discussions to ensure core issues facing the Group are addressed;
- (g) briefing all directors in relation to issues arising at Board meetings;
- (h) facilitating the effective contribution and ongoing development of all directors;
- (i) promoting constructive and respectful relations between Board members and between the Board and management;
- (j) ensuring the Board regularly meets to consider the Group's performance and key issues facing it;
- (k) setting the agenda for the Board meetings after consulting with the chief executive officer; and
- (l) chairing general meetings.

## 8. Chief executive officer and executive team

- 8.1 Responsibility for day to day management and administration of the Group is delegated by the Board to the chief executive officer and the executive team (if appointed).
- 8.2 The chief executive officer manages the Group in accordance with the strategy, plans and policies approved by the Board.
- 8.3 The chief executive officer is appointed by the Board.
- 8.4 The chief executive officer may not be the same person as the chairperson.
- 8.5 The responsibilities of the chief executive officer (if appointed) include:
  - (a) developing and recommending to the Board strategies, business plans and annual budgets for the Group;
  - (b) implementing the strategies, business plans and budgets adopted by the Board;
  - (c) providing effective leadership, direction and supervision of the executive team to achieve the strategies, business plans and budgets adopted by the Board;
  - (d) developing and managing resources, policies and systems to ensure the effective operation of the Group (including policies on risk management, internal controls and human resources);
  - (e) managing resources within budgets approved by the Board;
  - (f) ensuring compliance with applicable laws and regulations;
  - (g) ensuring the Board is given sufficient information to enable it to perform its functions, set strategies and monitor performance; and
  - (h) acting within authority delegated by the Board.
- 8.6 The Board has in place procedures to assess the performance of the chief executive officer, senior executives and executive team (if appointed).

## 9. Directors

- 9.1 Directors are expected to attend and participate in Board meetings and meetings of committees on which they serve.

- 9.2 Directors are expected to spend the time needed, and meet as often as necessary, to properly discharge their responsibilities.
- 9.3 Directors are expected to review meeting materials before Board meetings and committee meetings.
- 9.4 Directors are encouraged to ask questions of, request information from, and raise any issue of concern with, management. Directors are encouraged, where possible, to ask any questions and raise issues of concern before a meeting so that management is prepared to address them.
- 9.5 Directors must exercise independent judgment when making decisions. The Directors may seek external independent professional advice, at the Company's cost, to the extent that this advice is sought in relation to a decision made by Directors in their capacity as directors of the Company.
- 9.6 Publicly, directors are expected to support the letter and spirit of Board decisions.
- 9.7 Directors must keep Board information, discussions, deliberations, and decisions that are not publicly known, confidential.
- 9.8 Directors must comply with their legal duties when discharging their responsibilities as directors. Broadly, these duties are to:
- (a) act in good faith and in the best interests of the Company; and
  - (b) act with care and diligence;
  - (c) act for proper purposes;
  - (d) avoid a conflict of interest or duty; and
  - (e) refrain from making improper use of information gained through the position of director or taking improper advantage of the position of director.

## 10. Non-executive directors

The independent non-executive directors (unless conflicted in regards to the matter) should consider the benefits of conferring regularly without Management present, including at scheduled sessions or as otherwise required by the circumstances.

## 11. Company secretary

The company secretary of the Company is directly accountable to the Board through the chairperson.

## 12. Conflicts

- 12.1 Directors are expected to be sensitive to conflicts of interest or duty that may arise and mindful of their fiduciary obligations.
- 12.2 Directors must:
- (a) disclose to the Board any actual or potential conflict of interest or duty that might reasonably be thought to exist as soon as the situation arises;
  - (b) take necessary and reasonable action to resolve or avoid any actual or potential conflict of interest or duty; and
  - (c) comply with the Act and the Company's constitution in relation to disclosing material personal interests and restrictions on voting.

- 12.3 If a conflict exists, it is expected that any director to whom the conflict relates will leave the room when the Board is discussing any matter to which the conflict relates.
- 12.4 Directors are expected to inform the chairperson of the Board of any proposed appointment to the board or executive of another company as soon as practicable.

## 13. Other appointments

A non-executive director should inform the Board before accepting any new appointment as a director of another listed entity, any other material directorship or other position with a significant time commitment attached.

## 14. Access to information and independent advice by directors

- 14.1 Directors have access any information they consider necessary to fulfil their responsibilities and to exercise independent judgment when making decisions.
- 14.2 Directors have access to:
- (a) management to seek explanations and information from management; and
  - (b) auditors, both internal and external, to seek explanations and information from them without management being present.
- 14.3 Directors may seek any independent professional advice they consider necessary to fulfil their responsibilities and to exercise independent judgment when making decisions in accordance with the procedure agreed by the directors.
- 14.4 If the chairperson of the Board consents, the Company will pay a director's costs of seeking independent professional advice. That consent may not be unreasonably withheld or delayed.

## 15. Retirement of directors

- 15.1 At the close of each annual general meeting a number of Directors must retire from office, being the number:
- (a) determined by the Directors;
  - (b) required for compliance with the ASX Listing Rules; or
  - (c) two,
- whichever is the greatest.
- 15.2 A director must retire at the end of the third annual general meeting after the director's appointment even if it means that more directors retire at an annual general meeting than determined under paragraph 13.1.
- 15.3 Those directors who have been longest in office since their last appointment must retire by rotation. Directors appointed on the same day may agree among themselves or determine by lot who must retire.
- 15.4 The chief executive officer or a director appointed to fill a casual vacancy or as an addition to the Board is not subject to retirement by rotation and is not taken into account when determining how many directors must retire by rotation. A director appointed to fill a casual vacancy or as an addition to the Board must retire at the next annual general meeting after their appointment.

## 16. Senior executives' role and responsibilities

- 16.1 The senior executives of the Company are appointed by the Board. The Board has absolute discretion to determine the size and composition of the senior executives from time to time. Senior executives must have a good deal of knowledge about the Company and the industry in which it operates.
- 16.2 The division of the responsibilities of the senior executives have been agreed by the Board and are set out in this charter. The senior executives must act in the best interests of the Company as a whole.
- 16.3 The senior executives are responsible for:
- (a) making or participating in the making of decisions that affect the whole or substantial part of the business of the Company, or the Company's financial standing;
  - (b) providing information and advice to the Board in a form and timeframe, and of a quality that enables the board to discharge its duties effectively;
  - (c) managing the Company's operations and people on a day to day basis;
  - (d) complying with systems of risk management, internal compliance and control;
  - (e) implement standards consistent with the code of conduct for directors and senior executives.
- 16.4 The Board has in place effective induction procedures for new senior executives.

## 17. Codes of conduct

- 17.1 The Group has adopted a corporate code of conduct setting out its legal and other obligations to all legitimate stakeholders including employees, customers and the community.
- 17.2 The Group has adopted a code of conduct for directors and senior executives setting out required standards of behaviour, for the benefit of all shareholders.
- 17.3 Each director, officer and employee will be given a copy of the code of conduct applicable to their position when joining the Group.

## 18. Communication of information

- 18.1 The Board will:
- (a) communicate effectively with shareholders;
  - (b) give shareholders ready access to balanced and understandable information about the Group and its corporate goals; and
  - (c) make it easy for shareholders to participate in general meetings.
- 18.2 The Board has adopted a communications strategy to facilitate and promote effective communication with shareholders and encourage participation at general meetings.
- 18.3 The Board will establish a corporate governance section on its website to make publicly available its corporate governance regime, including its policies on risk oversight and management of material business risks on its website, and a summary of its policy prohibiting entering into transactions in associated products which limit the economic risk of participating in unvested entitlements.

## 19. Approved and adopted

This charter was approved and adopted by the Board on 27 August 2015.

**Date**            **27 August 2015**

**Signed**        **Steven Engle**  
Chairperson of the board of directors  
of Prescient Therapeutics Limited

## **Schedule 1 – Nomination and Remuneration Responsibilities**

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### **1. Nomination and Remuneration Responsibilities**

The Nomination and Remuneration Responsibilities of the Board include responsibilities in relation to:

- (a) nomination;
- (b) performance of directors; and
- (c) remuneration.

### **2. Nomination responsibilities**

The responsibilities of the Board are:

- (a) identifying nominees for membership of the Board including the CEO;
- (b) identifying and assessing the necessary and desirable competencies and characteristics for Board membership, including:
  - (i) skills, expertise and background that add to and complement the range of skills, expertise and background of the existing directors by reference to clause 3 of the Board Charter; and
  - (ii) diversity.
- (c) establishing processes for identifying suitable candidates for appointment to the Board to ensure an appropriate mix of expertise, experience and succession;
- (d) ensuring that the Company:
  - (i) undertakes appropriate checks before appointing a person, or putting forward to its shareholders a candidate for election, as a director;
  - (ii) provides its shareholders with all material information relevant to a decision about whether or not to elect or re- elect a director (including information regarding independence);
  - (iii) has a written agreement with each director and senior executive setting out the terms of his or her employment;
  - (iv) periodically evaluates and reviews the role and performance of the Board, its committees and individual directors and discloses in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period;
  - (v) reviews each director's performance before the director stands for re-election;
  - (vi) appropriately inducts new directors and provides appropriate professional development opportunities for continuing directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively, particularly in relation to accounting and changes in accounting standards; and
- (e) seeking to ensure succession plans for Board and senior executives are in place.

### **3. *Performance of Directors responsibilities***

The responsibilities of the Board include:

- (a) annually reviewing the performance of the CEO;
- (b) evaluating the role and performance of the Board, both collectively and individually;
- (c) reviewing whether the directors as a group have the skills, knowledge and familiarity with the Company and its operating environment required to fulfil their role on the Board and on any Board committees effectively and, where any gaps are identified, considering what training or development could be undertaken to fill those gaps;
- (d) regularly assessing the independence of directors; and
- (e) evaluating the performance of directors before they stand for re-election.

### **4. *Remuneration policies and practices***

Director and executive remuneration and incentive policies and practices must be performance-based and aligned with the Group's vision, values and overall business objectives.

Director and executive remuneration and incentive policies and practices are designed with a view to:

- (a) motivate the directors and executives to pursue the Group's long-term growth and success; and
- (b) demonstrate a clear relationship between the Group's overall performance and the performance of directors and executives; and
- (c) align the interests of directors and executives with the creation of value for shareholders.

### **5. *Remuneration responsibilities***

The responsibilities of the Board are:

- (a) reviewing and approving Board, director and executive remuneration and incentive policies and practices in line with relevant legislation and corporate governance principles relating to remuneration practices and employment policies, including the process by which any pool of directors' fees approved by shareholders is allocated to directors;
- (b) reviewing and approving on behalf of the Board any report on executive remuneration that may be required; and
- (c) ensuring appropriate public disclosure of any relevant information required including in each annual report of the Company.