

# Micro-X Limited ACN 153 273 735

## Board charter

### 1. Introduction

- 1.1 This is the charter of the board of directors of Micro-X Limited ACN 153 273 735 (**Company** and, together with its controlled entities, the **Group**).
- 1.2 The board of the Company (**Board**) is responsible for the corporate governance of the 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 oversight of the management of the Group (**Management**).
- 1.4 This charter is supported by the Group's code of conduct, the charters for the Board's nomination and remuneration committee and the audit and risk committee, and the Group's policies in respect of securities trading, continuous disclosure and diversity, among other things.
- 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 the current maximum of directors is seven.
- 2.2 An independent non-executive director is one who:
  - (a) is independent of Management;
  - (b) is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their unfettered and independent judgment; and
  - (c) otherwise meets the criteria for 'independence' as set out in the *Corporate Governance Principles and Recommendations (3rd edition)* published by the ASX Corporate Governance Council.
- 2.3 The Board should ideally comprise:
  - (a) a majority of independent non-executive directors (or alternatively where the Board is comprised of an equal number of independent and non-independent directors, the Chairperson (being an independent non-executive director) should have a casting vote at meetings of the Board);
  - (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.

- 2.4 The Board will regularly assess whether each non-executive director is independent and 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 in a timely manner to the market.
- 2.5 Each director is appointed by way of a formal letter of appointment.

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

3.1 The Board must act in the best interests of the Company as a whole and is accountable to the shareholders for the overall direction, management and corporate governance of the Group.

3.2 The Board's responsibilities include:

- (a) overseeing the Group, including providing leadership and setting its strategic objectives;
- (b) appointing the Chairperson;
- (c) appointing and removing the Chief Executive Officer/Managing Director of the Group (**CEO**) and approving or ratifying the appointment of other senior executives of the Group, such as the Chief Financial Officer/Finance Director (**CFO**);
- (d) where appropriate, ratifying organisational changes and approving Management remuneration policies and practices;
- (e) approving succession plans for Management;
- (f) monitoring senior executives' performance and implementation of strategy, and ensuring that appropriate resources are available;
- (g) approving the proposed annual budget;
- (h) determining and financing of dividend payments;
- (i) approving and monitoring the progress of major capital expenditure, capital management, acquisitions and divestitures;
- (j) approving and monitoring corporate, financial and other reporting systems, including external audit, and overseeing their integrity;
- (k) reviewing and monitoring any related party transaction and recommending its approval;
- (l) approving and monitoring systems of risk management, accountability, internal compliance and control, and legal compliance to ensure that appropriate compliance frameworks and controls are in place;
- (m) setting the risk appetite within which the Board expects Management to operate;
- (n) reviewing performance, operations and compliance reports from the CEO and CFO, including reports and updates on strategic issues and risk management matters;
- (o) overseeing the Group's process for making timely and balanced disclosure of all material information concerning the Group that a reasonable person would expect to have a material effect on the price or value of the Company's shares;
- (p) reviewing and overseeing the implementation of the code of conduct for directors and all other employees;
- (q) approving the charters of the various Board committees;
- (r) monitoring and ensuring compliance with all legal and regulatory requirements and ethical standards and policies and otherwise monitoring the effectiveness of the Group's governance practices; and

- (s) any other responsibilities determined by the Board from time to time.
- 3.3 In carrying out its responsibilities and functions, the Board may delegate any of its powers to a Board committee, a director or other person, subject to ultimate responsibility residing with the directors.
- 3.4 The matters specifically reserved for the Board or its committees (as relevant) include:
- (a) appointment of a Chairperson;
  - (b) appointment and removal of the CEO;
  - (c) appointment of a director to fill a casual vacancy or as an additional director;
  - (d) establishment of Board committees, their membership and delegated authorities;
  - (e) approval of dividends;
  - (f) review of corporate codes of conduct;
  - (g) approval of major capital expenditure, acquisitions and divestitures in excess of authority levels delegated to Management;
  - (h) calling of meetings of directors or shareholders; and
  - (i) any other specific matters nominated by the Board from time to time.

## 4. Board committees

- 4.1 The Board has established the following committees to assist it in carrying out its responsibilities, to share detailed work and to consider certain issues and functions in detail:
- (a) audit and risk committee; and
  - (b) nomination and remuneration committee.
- 4.2 The charter 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.

## 5. Chairperson

- 5.1 The Board will appoint one of its members to be Chairperson.
- 5.2 The Chairperson must be an independent non-executive director.
- 5.3 The Chairperson represents the Board and is responsible for leading the Board, facilitating the effective contribution of all directors, promoting constructive and respectful relations between directors and between the Board and Management, and communicating the Board's position to shareholders and the public.

## 6. CEO and executive team

- 6.1 Responsibility for day-to-day management and administration of the Group is delegated by the Board to the CEO and the executive team.
- 6.2 The CEO manages the Group in accordance with the strategy, plans and policies approved by the Board.
- 6.3 The CEO is appointed by the Board.
- 6.4 The responsibilities of the CEO include, among other things:
- (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) ensuring compliance with all applicable laws and regulations;
- (e) ensuring that the Board is given sufficient information in a form, timeframe and quality that will allow it to be effective in performing its functions, setting strategies, monitoring performance and discharging its duties; and
- (f) acting within authority delegated by the Board.

6.5 The Board has in place procedures to assess the performance of the CEO and executive team.

## 7. Non-executive directors

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

## 8. Company secretary

The company secretary of the Company is directly accountable to the Board through the Chairperson on all matters to do with the proper functioning of the Board.

## 9. Conflicts

9.1 Directors must:

- (a) disclose to the Board any actual or potential conflict of interest or duty, or matter that may bear on their independence, that might reasonably be thought to exist as soon as the situation arises;
- (b) take all necessary and reasonable action to resolve or avoid any actual or potential conflict of interest or duty; and
- (c) comply with all applicable law and the Company's constitution in relation to disclosing material personal interests and restrictions on voting.

9.2 If a conflict exists, it is expected that any director to whom the conflict relates will recuse himself or herself when the Board is discussing any matter to which the conflict relates.

9.3 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.

## 10. Other appointments

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

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

11.1 Directors have access to any information that they consider necessary to fulfil their responsibilities and to exercise independent judgment when making decisions.

11.2 Directors have access to:

- (a) Management to seek explanations and information from Management; and

- (b) auditors to seek explanations and information from them without Management being present.
- 11.3 At the expense of the Company, directors may seek any independent professional advice that they consider necessary to fulfil their responsibilities and to exercise independent judgment when making decisions in accordance with the procedure agreed by the directors.
- 11.4 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.
- 11.5 Any such advice received will be provided to the whole Board.

## 12. Size of the Board and Board vacancies

- 12.1 All directors are expected to continue as directors only for so long as they have the confidence of their fellow Board members and the confidence of the Company's shareholders.
- 12.2 In accordance with the Company's constitution, no director except the CEO is permitted to hold office for a continuous period in excess of three years or past the third annual general meeting following that director's appointment, whichever is the longer, without submitting himself or herself for re-election.

## 13. Communication of information

The Board has adopted a communications strategy to facilitate and promote effective communication with all stakeholders and to encourage shareholder participation at general meetings.

## 14. Approved and adopted

This charter was approved and adopted by the Board on 25 November 2015.