

Living Cell Technologies Governance Policy							
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Written by	Secretary	Approved	Board	Issued	19 November 2020	Number	101

## 1. Purpose

- 1.1 The primary objective of the Board of Directors (“Board”) of Living Cell Technologies Limited (“LCT”) is to build long-term shareholder value with due regard to other stakeholder interests. It does this by setting strategic direction and context, such as LCT’s mission, vision and values, and focussing on issues critical for its successful execution such as staffing, performance and risk management.
- 1.2 The Board is also responsible for overseeing LCT’s corporate governance framework.
- 1.3 The purpose of this Board Charter is to promote high standards of corporate governance and to clarify the role and responsibilities of the Board.

## 2. Board Size and Composition

- 2.1 The Constitution of LCT provides that there will be a minimum of 3 and a maximum of 9 Directors.
- 2.2 The Board should comprise;
- A majority of independent non-executive directors;
  - Directors with an appropriate range of skills, experience, and expertise;
  - Directors who have a proper understanding of, and competence to deal with, current and emerging issues of the business; and
  - Directors who can effectively review and challenge the performance of management and exercise independent judgement.
- 2.3 An independent non-executive director is independent of management and free of any significant business or other relationships that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of his or her unfettered and independent judgement, and who otherwise meets the criteria for independence set out in the Corporate Governance Principals and Recommendations published by the ASX Corporate Governance Council.
- 2.4 The Board Remuneration and Nomination Committee is responsible for the identification and recommendation of candidates for appointment to the Board.
- 2.5 Directors will be appointed pursuant to formal letters of appointment setting out the key terms and conditions of the appointment to ensure that Directors clearly understand LCT’s, and the Board’s, expectations.

## 3. Board Accountabilities and Responsibilities

The following accountabilities and responsibilities have been adopted by the Board:

### 3.1 Strategy and Planning

- Review strategic position, current strategies and alternative strategies.
- Define what constitutes a strategic and/or major project and capital expenditure.
- Approve strategic and/or major projects and capital expenditure.
- Review post-implementation assessments of those projects and capital expenditure audits.
- Approve operational plans and budgets.
- Review strategic planning processes and consider and approve changes.

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### 3.2 Staffing

- a) Define required board competencies and number and profile of board members.
- b) Appoint board members.
- c) Approve induction programs for new board members and ongoing education programs.
- d) Ensure easy access to internal and external sources of information and advice.
- e) Manage performance of the board as a whole and of the individual members.
- f) Select and appoint the Managing Director/Chief Executive Officer.
- g) Review Managing Director/Chief Executive Officer performance and provide counselling and mentoring if and when required.
- h) Review senior management and the Company Secretary.
- i) Approve executive succession plans.

### 3.3 Remuneration

- a) set remuneration and contracts of Non-Executive Directors after approval of remuneration levels at the Annual General Meeting.
- b) set remuneration and contract of the Managing Director/Chief Executive Officer.
- c) Approve remuneration and contracts of senior management members on the recommendation of the Managing Director/Chief Executive Officer.
- d) Approve employee share acquisition schemes for submission to shareholders for approval in General Meeting and any other executive incentive schemes.

### 3.4 Capital Management and Financial Reporting

- a) Approve capital requirements and strategic allocation of LCT.
- b) Monitor and review the capital and solvency positions of LCT.
- c) Approve half-yearly accounts, full year accounts and Annual Report.
- d) Approve dividend policy and dividend payments.
- e) Approve major financial arrangements.

### 3.5 Performance Monitoring

- a) Approve relevant financial and non-financial Key Performance Indicators (KPI's) to be reported by management.
- b) Review KPI's quarterly at a high level and exception based.
- c) Ensure Audit Committee conducts a detailed KPI review with Managing Director/Chief Executive Officer and senior management.
- d) Consider and approve any action/remediation plans to be implemented.

### 3.6 Risk Management

- a) Review major risks LCT is likely to be exposed to.
- b) Review risk management resources, structures and processes and consider and approve changes.
- c) Approve risk management strategies.

### 3.7 Audit and Compliance

- a) initially appoint and recommend for approval by shareholders in General Meeting the appointment of external auditors and agree their remuneration.
- b) define the scope of the external audit function.
- e) review the control environment and audit and compliance resources, structure and processes and consider and approve changes.
- d) approve the definition of significant audit and compliance issues.

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- e) review significant audit and compliance issues and consider and approve action and remediation plans.

### 3.8 Board Processes and Policies

- a) Approve the annual “board program”- comprising such matters as board meetings, agendas, venues, site visits, and meetings with executives, staff, customers, regulators, suppliers and other key stakeholders.
- b) Decide the role and composition of board committees.
- c) Approve delegated authorities.
- d) Define and execute a policy dealing with conflicts of interest.
- e) Define codes of conduct including related-party transactions, share trading by Directors and employees and insider trading policy.
- f) Approve a disclosure policy and policies for communication with shareholders, financial markets and regulators that will reflect the requirements of the Corporations Act and ASX Listing Rules.
- g) Approve policies dealing with Director’s liabilities, indemnities and insurance.

## 4. Board Committees

- 4.1 The Board may discharge any of its responsibilities through committees of the Board in accordance with LCT’s Constitution and the Corporations Act. The Board has established:
- a) a Board Audit, Risk and Compliance Committee; and
  - b) a Board Remuneration and Nomination Committee, to consider certain issues and functions in more detail. In general, the Board has delegated the review of staff and remuneration matters to the Board Remuneration and Nomination Committee.

The review of capital management and financial reporting, risk management and audit and compliance matters has been delegated to the Board Audit, Risk and Compliance Committee.

Each Committee shall adopt its own terms of reference to be approved by the Board, setting out matters relevant to its composition and responsibilities. The terms of reference will be reviewed periodically by the Board.

## 5. The Board and Management

- 5.1 Responsibility for the day to day management and administration of LCT is delegated by the Board to the Managing Director/Chief Executive Officer, assisted by the executive team (“management”).
- 5.2 The Managing Director/Chief Executive Officer manages LCT in accordance with the strategy, plans and delegations approved by the Board.
- 5.3 The Board has implemented appropriate procedures to assess management’s performance.
- 5.4 Management shall be responsible for providing the Board with accurate, timely and clear information regarding the Company’s operations to enable the Board to perform its responsibilities. In addition to information about the financial performance of the Company, this shall include information regarding compliance with material legal and regulatory requirements and any conduct that is materially inconsistent with the values or code of conduct of the Company.

## 6. Role of the Chairman

- 6.1 The Chairman of the Board is appointed by the Directors.

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6.2 The Chairman must be an independent non-executive Director.

6.3 The Chairman must not also be the Managing Director/Chief Executive Officer of LCT.

6.4 The role and responsibilities of the Chairman include:-

- a) providing leadership to the Board and to LCT;
- b) ensuring the efficient organisation and conduct of the Board;
- c) monitoring Board performance annually;
- d) facilitating Board discussions to ensure core issues facing LCT are addressed;
- e) briefing all Directors in relation to issues arising at Board meetings;
- f) facilitating the effective contribution and ongoing development of all Directors;
- g) promoting consultative and respectful relations between Board members and between the Board and management;
- h) chairing shareholder meetings.

## 7. Responsibility of Individual Directors

7.1 Directors are expected to comply with their legal, statutory, and equitable duties and obligations when discharging their responsibilities as Directors. Broadly these include:

- a) acting in good faith and in the best interests of LCT as a whole;
- b) acting with care and diligence and for proper purpose;
- c) avoiding conflicts of interest wherever possible; and
- d) refraining from making improper use of information gained through the position of director and from taking improper advantage of the position of director.

7.2 Directors are expected to support the letter and spirit of Board decisions.

7.3 Directors will keep Board information, discussions, deliberations and decisions that are not publicly known confidential and not use information gained through the Board for their, or their employers', interest.

## 8. Conflicts of Interest

8.1 Directors must:

- a) disclose to the Board (through the Secretary and/or Chairman) any actual or potential conflicts of interest which may exist or be thought to exist as soon as they become aware of the issue;
- b) take any necessary and reasonable measures to try to resolve the conflict; and
- c) comply with the Corporations Act provisions on disclosing interests and restrictions on voting.

8.2 If a conflict or potential conflict situation exists, it is required that the conflicted Director shall be absent from the meeting whilst the Board discusses the matter and not vote on the matter, unless the other directors who do not have a material personal interest in the matter have passed a resolution that states that those directors are satisfied that the interest should not disqualify the director from voting or being present. The provision of S.195(1) of the Corporations Act mandate these provisions.

8.3 Directors are expected to advise the Chairman of any proposed Board or executive appointment to other companies as soon as practicable.

## 9. Access to Information and Independent Advice

9.1 Directors may access such information and seek such independent advice as they individually or collectively consider necessary to fulfil their responsibilities and permit independent judgement in decision making.

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9.2 Directors will be entitled to:

- a) access members of the senior management via the Managing Director at any time to request relevant and additional information or seek explanations;
- b) have access to internal and external auditors, without management present to seek explanations or additional information;
- c) seek independent professional advice with the Chairman's prior consent, which will not be unreasonably withheld or delayed, and which will be at LCT's expense.

## 10. Term of Appointment of Non-Executive Directors

10.1 At every Annual General Meeting, one third of the directors (rounded down, if necessary, to the nearest whole number), but excluding any director who is required to retire at that meeting under paragraph 10.3 (below) and the Managing Director, must retire from office as directors and may stand for re-election.

10.2 Any other director who, if he or she does not retire, would at the conclusion of the Annual General Meeting have been in office for three or more years, or for three or more AGMs, since he or she was last elected to office, must retire from office as a director and, if no director is required to retire under paragraph 10.4, at least one director, excluding the Managing Director, must retire from office as a director and may stand for re-election.

10.3 The Managing Director and a Director appointed to fill a casual vacancy or as an additional Director are not subject to retirement by rotation and are not to be taken into account in determining the rotation of Directors.

10.4 A Director appointed to fill a casual vacancy or as an additional Director only holds office until the next Annual General Meeting, when they must retire, and seek re-election by shareholders at the meeting.

## 11. Review of Board Performance

11.1 Performance of the Board is to be reviewed annually by the Chairman.

11.2 The Board Remuneration and Nomination Committee may assist the Chairman in evaluating the Board's performance.

11.3 The evaluation will;

- a) review the Board's role;
- b) review Board processes and Committees to support that role; and
- c) review the Board's performance.

11.4 A review of each Director's performance will be undertaken by the Chairman prior to the Director standing for re-election.

11.5 The review of Board performance will also be used to firstly establish, and then maintain, a Skills Matrix of Directors' relevant core competencies to aid decisions regarding the appropriate composition of the Board from time to time.

## 12. Procedures

12.1 As provided by LCT's Constitution, the Directors may meet together to attend to business and adjourn and otherwise regulate their meetings as they decide.

12.2 The Board will hold meetings at least six times per year, and otherwise as it considers necessary.

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12.3 A quorum for Board Meetings is two directors (unless determined otherwise by Directors).

12.4 Directors' Meetings may be held by Directors communicating with each other through any technological means by which they can participate in discussion even though they may not be physically present in the same place.

12.5 Directors may pass or approve resolutions of the Board by written resolution by adopting the procedures set out in clause 67 of LCT's Constitution.