



QBiotics Group Limited

ABN 13 617 596 139

Board Charter

QBiotech Group Limited

Board Charter

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Document history

#	Approved by	Date	Details of changes
1	ARMC	20 April 2022	New policy
2	Board of Directors	6 May 2022	New policy
3	Board of Directors	27 July 2023	Amendments to Board's role and responsibilities; addition of "Appointment and Responsibilities of Deputy Chair" section; minor changes in other sections.

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Board Charter

This Board Charter sets out the role, responsibilities, structure and processes of the Board of directors of QBiotics Group Limited (the **Company**) and its subsidiaries (the **Group**).

1. THE BOARD'S ROLE AND RESPONSIBILITIES

- 1.1. The role of the Board includes approving the strategic direction of the Group, guiding and monitoring the management of the Group in achieving its strategic plans and overseeing overall good governance practice.
- 1.2. The Board responsibilities and functions include:

Strategy

- demonstrating leadership;
- defining the Group's purpose and setting its strategic objectives;
- approving the Group's strategy, objectives, vision and values;
- approving the Group's corporate governance policies and Code of Conduct to underpin the desired culture within the entity;
- overseeing management in its implementation of the Group's strategic objectives, instilling of the entity's values and performance generally;
- monitoring the effectiveness of the Group's governance practices;
- approving the formation of Board committees and the terms of applicable governing charters, and monitoring their effectiveness;

Financial reporting and controls

- overseeing the integrity of the entity's accounting and corporate reporting systems, including the external audit;
- approving the annual report and financial statements (including the directors' report and remuneration report (if applicable), with guidance from the Audit and Risk Management Committee (**ARMC**), and in accordance with the Company's constitution, *Corporations Act 2001* (Cth) and any other applicable regulations;
- approving any significant changes in accounting policies;
- approving treasury policies including foreign currency exposure and the use of financial derivatives;
- approving operating budgets;
- approving major capital expenditure;
- approving the Delegations of Authority Policy in accordance with section 8;
- approving changes to the corporate structure, capital raising initiatives, and acquisitions and divestments;
- approving the dividend policy of the Company and authorising payment of dividends;
- appointing, re-appointing or removing the Company's external auditors upon recommendation from the ARMC;

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Board membership and appointments

- determining the size, composition and structure of the Board, and the process for evaluating its performance in accordance with section 3;
- appointing the Chair of the Board (**Chair**) and, if applicable, the Deputy Chair of the Board (**Deputy Chair**);
- selecting, appointing and removing the Chief Executive Officer;
- reviewing succession plans for the Board and the Chief Executive Officer;
- approving the appointment and replacement of the Company Secretary;

Remuneration

- satisfying itself that the Group's remuneration policies are aligned with the Group's purpose, values, strategic objectives and risk appetite;
- approving the overall remuneration policy, including non-executive director remuneration, executive director remuneration and any executive long term incentive plans, upon recommendation from the Remuneration Committee (**RC**);
- approving the remuneration of the Chief Executive Officer and Chief Scientific Officer;

Risk management and internal controls

- satisfying itself that the Group has in place an appropriate risk management systems, including internal compliance and control mechanisms, and setting the risk appetite within which the Board expects management to operate;
- satisfying itself that the Group has appropriate insurance policies in place;
- satisfying itself that an appropriate framework exists for relevant information to be reported by management to the Board;

Communication

- overseeing the Group's process for making timely and balanced disclosure of all material information concerning the entity that a reasonable person would expect to have a material effect on the price or value of the entity's securities*; and
- overseeing the management of the Group's interactions and communications with shareholders and the broader community.

2. THE ROLE OF CHIEF EXECUTIVE OFFICER

- 2.1. The day-to-day management of the Company and its businesses is the responsibility of the Chief Executive Officer, supported by the executive leadership team.
- 2.2. The Board delegates to the Chief Executive Officer all powers to manage the day-to-day affairs of Company and the authority to control the affairs of the Company in relation to all matters other than those responsibilities reserved to itself in this Board Charter.
- 2.3. The key responsibilities of the Chief Executive Officer are to:
 - manage and administer the day-to-day operations of the Company and its businesses in accordance with the strategy, business plans and policies approved by the Board;

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- develop strategies for the Company, its businesses and management, and make recommendations to the Board on such strategies;
- develop the Group's annual budget and conduct the Group's activities within the approved annual budget;
- develop and maintain the Group's risk management systems, including internal compliance and control mechanisms;
- ensure compliance with the Company's continuous disclosure obligations, in accordance with the role and responsibilities delegated under the Continuous Disclosure Policy;
- assign responsibilities clearly to the executive leadership team, and supervise and report on their performance to the Board;
- recommend to the Board significant operational changes, and major capital expenditure, acquisitions or divestments, which are beyond delegated thresholds;
- report regularly to the Board with timely and quality information, such that the Board is fully informed to discharge its responsibilities effectively; and
- exercise such additional powers as are delegated to the Chief Executive Officer by the Board from time to time.

3. COMPOSITION, SIZE AND STRUCTURE OF THE BOARD

- 3.1. **Composition** The Board is responsible for determining an appropriate mix of skills, knowledge, experience, expertise and diversity on the Board, necessary to review and approve the strategic direction of the Group, and to guide and monitor the management of the Company.
- 3.2. **Size** The number of directors on the Board shall be determined in accordance with the Company's constitution and the requirements of the *Corporations Act 2001* (Cth).
- 3.3. **Structure** The Board shall consist of a majority of non-executive directors who satisfy the criteria for independence in section 11.
- 3.4. **Qualifications** The Board is responsible for reviewing the Board composition, skills and experience, and making recommendations in relation to Board appointments and re-elections, including preparing a description of the role and capabilities required for a particular Board appointment, identifying suitable candidates to fill Board vacancies as and when they arise, and nominating candidates for the approval of the Board. The Board may establish a subcommittee to assist with this.
- 3.5. **Tenure**
 - The Board will review periodically its composition and the duration of terms served by directors. The Board is responsible for developing and reviewing the succession plans of the Board (including the role of Chair), with the aim of maintaining an appropriate mix of skills, experience, expertise and diversity on the Board over time.
 - The Company Secretary is responsible for identifying existing directors who are due for re-election by rotation at Annual General Meetings, in accordance with the Company's constitution and notifying the Board.
 - Each non-executive director shall take into account the views of other non-executive directors of the Company when deciding whether to stand for re-election.
 - Subject to the Constitution, an executive director shall tender their resignation as director immediately upon cessation of employment with the Company.

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3.6. Performance Review

- The Board is responsible for undertaking a formal evaluation process to review its performance and that of its committees once every two years.

4. APPOINTMENT AND RESPONSIBILITIES OF CHAIR

4.1. The Board shall appoint a Chair in accordance with the Company's constitution.

4.2. The Chair must be one of the non-executive directors who satisfy the criteria for independence in section 11.

4.3. The role of Chair must not be held by someone who is performing the role of Chief Executive Officer.

4.4. The Chair must retire from that position at the expiration of ten years unless the Board decides otherwise.

4.5. The responsibilities of the Chair are to:

- chair board and shareholder meetings of the Company and set the Board's agenda, allowing adequate time for discussion of all agenda items;
- ensure the efficient organisation and conduct of the Board's function;
- maintain effective communication between the Board and management;
- ensure that the Board receives accurate, timely and clear information on the Company's operation, to facilitate the performance of its duties;
- lead the Board in reviewing and discussing Board matters;
- brief all directors in relation to issues arising at Board meetings;
- monitor progress on important initiatives and significant issues facing the Company with the Chief Executive Officer and such other senior executives as the Chief Executive Officer recommends;
- commence the periodic process of Board and director evaluation;
- evaluate the performance of the Chief Executive Officer;
- oversee the role of the Company Secretary, including, reviewing corporate governance matters with the Company Secretary and reporting on those matters to the Board; and
- exercise such specific and express powers as are delegated to the Chair by the Board from time to time.

5. APPOINTMENT AND RESPONSIBILITIES OF DEPUTY CHAIR

5.1. The Board may appoint a Deputy Chair.

5.2. The Deputy Chair must be one of the non-executive directors who satisfy the criteria for independence in section 11.

5.3. The role of Deputy Chair must not be held by someone who is performing the role of Chief Executive Officer.

5.4. The Deputy Chair must retire from that position at the expiration of ten years unless the Board decides otherwise.

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5.5. The responsibilities of the Deputy Chair are to:

- support the Chair in the leadership of the Board by assisting the Chair with their duties as and when required;
- deputise for the Chair when necessary and lead on particular responsibilities when the Chair cannot act (e.g., due to absence or conflict of interest);
- lead the performance reviews of the Chair; and
- exercise such specific and express powers as are delegated to the Deputy Chair by the Board from time to time.

6. INDIVIDUAL DIRECTORS

6.1. In accordance with statutory requirements, and in keeping with legal requirements and developments, directors must:

- set a standard of honesty, fairness, integrity, diligence and competence in respect of their positions as directors;
- exercise their powers and discharge their duties in good faith and in the best interests of the Company;
- use their powers of office for a proper purpose and not for personal advantage or for the benefit of another party;
- maintain the confidentiality of all information acquired in the course of conducting the role and not make improper use of, or disclose to third parties, any confidential information unless that disclosure has been authorised by the Board or is required by law;
- use due care and diligence;
- make all reasonable efforts to become and remain familiar with the affairs of the Company;
- attend all Board meetings and Board functions unless there are valid reasons for non-attendance; and
- commit the necessary time and energy to Board matters to ensure that they are contributing their best endeavours in the performance of their duties for the benefit of the Company, without placing undue reliance on other directors to fulfil these duties.

7. COMPANY SECRETARY

7.1. The Board must appoint at least one Company Secretary in accordance with the Company's constitution.

7.2. Appointment and removal of the Company Secretary is subject to Board approval.

7.3. Each director has a right of access to the Company Secretary at all times.

7.4. The Company Secretary is responsible for:

- overseeing the Company's compliance program and ensuring that it meets its legislative obligations;
- advising the Board and its committees on governance matters;

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- coordinating the timely completion and despatch of Board and committee papers;
- ensuring that the agenda and briefing materials for Board meetings are prepared and forwarded to directors in a timely and effective manner;
- recording, maintaining and distributing the minutes of all Board and Board subcommittee meetings as required;
- preparing for and attending all general meetings of the Company and ensuring that the correct procedures for convening and conducting such meetings are followed;
- overseeing and coordinating disclosure of information as required by law; and
- undertaking any other services required by the Chief Executive Officer, Chair or Deputy Chair.

8. DELEGATIONS OF AUTHORITY

Committees of the Board

- 8.1. The Board may from time to time establish and delegate any powers as they consider appropriate including to a committee of the Board in accordance with the Company's constitution.
- 8.2. The Board is responsible for approving and reviewing the charter terms and membership of each committee established by the Board.
- 8.3. Standing committees established by the Board will adopt charters setting out the authority, responsibilities, membership and operation of the committee. There are currently two standing committees:
 - The Audit and Risk Management Committee; and
 - The Remuneration Committee.
- 8.4. All directors shall be entitled to attend meetings of Board committees where there is no conflict of interest.

Key Management Personnel

- 8.5. The Board may from time to time establish and delegate powers to key management personnel in accordance with the Delegations of Authority Policy.

9. BOARD MEETINGS

- 9.1. The Board shall meet at least four times per year, and otherwise as often as the directors determine necessary to enable the directors and the Board to fulfil their duties and responsibilities to the Company.
- 9.2. A director may call a meeting of the directors, and the Company Secretary must, if requested by a director, call a Board meeting.
- 9.3. The Company Secretary is responsible for distributing Board meeting papers to directors prior to each meeting.
- 9.4. A quorum for a Board meeting shall be determined in accordance with the Company's constitution.
- 9.5. The Chair is responsible for the conduct of all Board meetings, including briefing all directors in relation to the issues arising at Board meetings.
- 9.6. In accordance with the Company's constitution, the Chair does not have a casting vote.

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- 9.7. Draft minutes of each Board meeting shall be prepared by the Company Secretary promptly following the meeting for review by the Chair.

10. ETHICAL STANDARDS AND LEGAL DUTIES

- 10.1. **Code of Conduct** Each director shall abide by the terms of the Company's Code of Conduct and are expected to uphold the ethical standards and corporate behaviour described in the code.
- 10.2. **Duties** The Board will operate in a manner reflecting the values of the Group and in accordance with its agreed corporate governance guidelines and policies, the Company's constitution, the *Corporations Act 2001* (Cth) and all other applicable regulations.
- 10.3. **Conflicts of interest** Each director has a fiduciary and statutory duty not to place themselves in a position which gives rise to a real or substantial possibility of conflict, whether it be a conflict of interest or conflict of duties. Each director is required:
- to ensure that the Board is notified (whether by formal standing notice or declaration immediately on becoming aware) of any interest which may give rise to a real or substantial possibility of conflict, including any material personal interests; and
 - if any matter is or likely to be brought before the Board which could give rise, or be perceived to give rise, to a real or substantial possibility of conflict, then the director:
 - shall disclose this to the Board;
 - shall continue to receive Board papers or other information which relates to the matter which is the subject of the conflict of interest, unless the director requests, or the Chair determines, that he or she not receive any or all of those documents; and
 - shall withdraw from any part of a Board or Board Committee meeting for the duration of any discussion and not vote on the matter, unless a majority of directors who do not have an interest in the matter resolve that the disclosed interest should not disqualify the director.
- 10.4. **Dealing in shares** Directors must ensure any dealings in shares are in strict compliance with the Company's Share Trading Policy and otherwise in accordance with the values of honesty and integrity.

11. INDEPENDENCE OF DIRECTORS

- 11.1. If a director is or becomes aware of any information, facts or circumstances which will or may affect that director's independence, the director must immediately disclose all relevant details in writing to the Company Secretary and the Chair.
- 11.2. The Board will regularly assess the independence of each director in light of disclosures made in accordance with clause 11.1.
- 11.3. An independent director is a non-executive director who is not a member of management and who 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 judgement.
- 11.4. In considering whether a director is independent and the criteria against which the Board determines the materiality of a relationship, the Board is to have regard to:
- the relationships affecting the independent status of a director as described in the ASX Corporate Governance Principles and Recommendations;
 - the materiality guidelines applied in accordance with Australian Accounting Standards; and
 - any independent professional advice sought by the Board at its discretion.

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11.5. The Board considers a relationship to materially interfere with, or be perceived to materially interfere with, a director's independent judgement, where it is of substance and consequence and there is a real and sensible possibility that it would affect the director's judgement across all aspects of the director's role.

12. EXTERNAL DIRECTORSHIPS

12.1. A non-executive director should continually evaluate the number of boards of companies (and any committees of those boards) on which the non-executive director serves, to ensure that each company can be given the time and attention to detail required to properly exercise the director's powers and discharge the director's duties to that company, in addition to any review by the Board of the time commitments required by the non-executive directors and whether these time commitments are being met.

12.2. A director shall notify the Chair prior to accepting an invitation to become a director of any company (other than QBiotics Group Limited or any related body corporate). Prior to accepting such an invitation, the director must have regard to:

- the views and recommendations of the Chair with respect to the director acting simultaneously as a director of the Company and as a director of an external entity (whether in competition with the Company or not);
- any current policies of the Board on multiple directorships; and
- best practice standards on multiple directorships.

13. INDEPENDENT ADVICE

13.1. The Board collectively, and each director individually, may obtain independent professional advice at the Company's expense, as considered necessary to assist in fulfilling their relevant duties and responsibilities.

13.2. Individual directors who wish to obtain independent professional advice must first seek the approval of the Chair (acting reasonably). In the case of a request made by the Chair, approval is required by the Chair of the ARMC.

14. CONFIDENTIALITY

14.1. The directors acknowledge that all proceedings of the Board and its committees are strictly confidential and will not be disclosed to any person other than Board members, except as agreed by the Board or as required by law.

15. REVIEW OF CHARTER

15.1. The Board will periodically review the Board Charter to ensure that it meets best practice standards and meets the needs of the Company and the Board