

## BOARD CHARTER

The Board Charter set out the principles for the operation of the board of directors ("Board") of Kazia Therapeutics Limited ("Kazia Therapeutics" or "the Company") and describes the functions of the Board.

### 1. Policy Introduction

It is the intention of Kazia Therapeutics to meet the corporate best practice governance requirements recommended by the ASX, with a framework designed to:

- enable the Board to provide strategic guidance and financial management for Kazia Therapeutics, the effective oversight of management and monitoring of its operations and activities;
- identify areas of significant business risk and ensure adequate arrangements are in place to manage those risks;
- clarify the respective roles and responsibilities of Board members and senior executives in order to facilitate Board and senior executive accountability to both Kazia Therapeutics and its shareholders; and
- ensure a balance of authority so that no single individual has unfettered powers.

### 2. Role of the Board and its Membership

The Board is responsible for corporate governance of Kazia Therapeutics. The Board ensures that the activities of the Company comply with its Constitution, from which it derives its authority to act, and will all applicable legal and regulatory requirements.

The Board oversees the business and affairs, establishes the strategies and financial objectives to be implemented by management and monitors standards of performance. Those responsibilities and the powers reserved to the Board are set out in detail in **Section 3** below.

The membership of the Board will be directed by the following requirements:

- The Constitution of the Company currently specifies that there must be a minimum of three directors and a maximum of ten directors, unless the directors determine another number greater than ten (from time to time) as the maximum number;
- It is the intention of the Board that its membership consists of a majority of independent directors who satisfy the criteria recommended by the ASX best practice corporate governance requirements, though it is recognized that this intention may be impractical to implement given the size and scope of the Company's business; and
- The Chair of the Board should be an independent director who satisfies the criteria for independence recommended by the ASX best practice corporate governance requirements. The Chair should not be the same person as the CEO of the Company. The Board should, collectively, have the appropriate level of personal qualities, skills, experience and time commitment to properly fulfil its responsibilities or have ready access to such skills where they are not available.

- The Board should comprise of a mix of non-executive directors and executive directors with a broad range of skills, expertise and experience from a diverse range of backgrounds. In order to identify any gaps in the collective skills of the Board, the Board should, with the assistance and advice of the Remuneration and Nomination Committee, establish a skills matrix setting out the mix of skills and diversity the Board has or is looking to achieve, and regularly review the skills matrix to ensure that it adequately covers the skills needed to address existing and emerging business and governance issues relevant to the Company.

However, all directors, whether independent or not, should bring an independent judgement to bear on all Board decisions.

Under the Company's Constitution, the Board may establish committees to whom it delegates responsibility to consider certain issues in further detail and then report back to the Board ("Committees"). The Board will adopt charters setting out the membership, administration, purpose, responsibilities and functions appropriate to each committee.

The Board has established the following Committees and it may establish other committees from time to time to consider matters of special importance:

- the Audit, Risk and Governance Committee; and
- the Remuneration and Nomination Committee,

Although the Board may delegate responsibilities and powers to Committees, the Board retains ultimate accountability for discharging its duties.

## **2.1 Role of the Chair**

In addition to their role as a director, the role of the Chair includes:

- ensuring the Board provides leadership and vision to Kazia Therapeutics;
- preparing the Board agenda, in consultation with the directors, the Chief Executive Officer ("CEO") and company secretary;
- leading the Board, including presiding over Board and other company meetings, and directing Board discussions to ensure there is adequate time available for discussion of all agenda items, including strategic and critical issues facing the Company;
- ensuring Board minutes properly reflect Board debates and decisions;
- developing an ongoing and harmonious relationship with the CEO, such that the Chair is kept fully informed of matters of interest to the Board;
- acting as a mentor for the CEO;
- facilitating the effective contribution of directors, including the commencement of the annual process of Board and director performance evaluation;
- promoting constructive, open and respectful relations between Board members and between the Board and senior executives;
- together with the Non-Executive Directors, facilitating the assessment of the CEO's performance; and
- guiding the ongoing effectiveness and development of the Board and individual directors.

## **2.2 Role of the Chief Executive Officer**

The Board has delegated to the CEO the authority to manage the day to day affairs of the 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 charter.

The CEO is responsible to the Board for the overall management and performance of Kazia Therapeutics. The CEO should manage the Company in accordance with the strategy, plans, practices and policies approved by the Board in accordance with direction from the Board to achieve the agreed objectives.

In particular, the CEO's responsibilities include:

- being the conduit through which the Board is provided sufficient and relevant information to act effectively;
- providing leadership to Kazia Therapeutics and acting as the Company's interface with its operating environment and the general business and investment community;
- taking action to implement the corporate strategy of Kazia Therapeutics, including being active in identifying new initiatives for consideration;
- ensuring Kazia Therapeutics' policies are complied with;
- referring all matters outside of the CEO's delegation to the Board for approval; and
- other responsibilities as delegated by the Board from time to time.

All directors will have access to the CEO. The decision to appoint or remove the CEO must be made or approved by the Board. The CEO reports directly to the Board and is subject to at least an annual performance evaluation conducted by the other directors.

## **2.3 Role of Individual Directors**

Directors must at all times act in accordance with legal and statutory requirements and discharge their duties as directors. The role of directors includes:

- contributing to Board activities to the best of their abilities and with the highest level of skill and care expected of a director of a major company, including applying an independent and enquiring mind to their responsibilities;
- discharging their duties in good faith, diligently, honestly and lawfully in the best interests of Kazia Therapeutics' shareholders;
- using the powers of office for proper purpose, in the best interests of the Company as a whole;
- acting with the required care and diligence, demonstrating commercial reasonableness in their decisions;
- avoiding conflicts of interest, not allowing personal interests, or the interests of any associated person, to conflict with the interests of Kazia Therapeutics, except in those circumstances permitted by law;
- notifying other directors of a material personal interest when a conflict arises or if there is a reasonable possibility of a conflict between their personal and business interests (including by providing full and frank disclosure of the conflict);

- not making improper use of information gained through their position of director;
- not take improper advantage of their position as a director;
- making reasonable enquiries to ensure that Kazia Therapeutics is operating effectively, efficiently and legally toward achieving its objectives;
- undertaking diligent analysis of all proposals placed before the Board and necessary enquiries in respect of delegates;
- serving on Board committees as required;
- participating in the appointment of new directors and directors' annual performance evaluation;
- give the Company or ASX Limited all the information required by the *Corporations Act 2001 (Cth)* ("**Corporations Act**");
- acting fully in accordance with the duties and obligations imposed on them and the Board, by the Company's Constitution and the law; and
- not permitting the Company to engage in insolvent trading.

Absent exceptional circumstances, a director will be considered to be independent by the Company if that Director:

- is not employed in an executive capacity by the Company, and within the last three years has not been employed in an executive capacity by the Company, or been a director after ceasing to hold any such employment;
- is not a recipient of performance-based remuneration (including options or performance rights with vesting hurdles other than tenure) from, or participates in an employee incentive scheme of, the Company;
- is not, or has not within the last three years been, in a material business relationship (for example, as a supplier, professional adviser, consultant or customer) with the Company or is an officer of, or otherwise associated directly or indirectly with, someone in such a relationship;
- is not, or has not within the last three years, been an officer or employee of, or professional adviser to, a substantial holder of the Company;
- does not have close personal ties with any person who falls within any of the categories described above; or
- has not served on the Board for such a period that their independence from management and substantial shareholders may have been compromised.

If a Director does not satisfy one or more of the circumstances above, the Board may determine that that Director is independent if the Board is satisfied on reasonable grounds that the Director is independent. In each such case, the materiality of the interest, position, association or relationship will be assessed by the Board in order to determine whether it might interfere, or might reasonably be seen to interfere, with the Director's capacity to bring independent judgment to bear on issues before the Board and to act in the best interests of the Company and its shareholders generally.

The threshold for materiality for the purpose of assessing the materiality of relationships between a Director and the Company (other than as a Director) will be judged according to the significance of the relationship to the Director in the context of their activities as a whole.

The Board will regularly assess the independence of each Director in light of the interests disclosed by them. That assessment will be made at least annually at, or around the time, that the Board considers candidates for the election to the Board. Each independent Director must provide the Board with relevant information for this.

Membership of the Board shall be disclosed in the annual report including whether a Director is independent or not independent. Loss or gain of independence will be disclosed to the market immediately.

#### **2.4 Role of the Company Secretary**

The Company Secretary acts as secretary of the Board, attending all meetings of the Board as required. The Company Secretary is generally responsible for carrying out the administrative and statutory requirements of the Board by:

- coordinating the development of the Board agenda in a timely and effective manner for approval by the Chair;
- ensuring, in conjunction with the CEO, that the Board papers are prepared in a timely and effective manner;
- ensuring the timely completion and dispatch of the Board agenda and Board papers;
- coordinating, organizing and attending meetings of the Board and shareholders, and ensuring the correct policies, processes and procedures are followed;
- drafting and maintaining minutes of Board and Company meetings, and ensuring that the business at these meetings is accurately captured in their minutes;
- working in conjunction with the CEO and senior executives, to carry out the instructions of the Board and giving practical effect to the Board's decisions;
- working with the Chair and CEO to establish and deliver governance practices that meet the ASX requirements, including all financial reporting requirements;
- monitoring that the Board and committee policy and procedures are followed;
- assisting and advising the Board and its committees on corporate governance processes and matters; and
- assisting and facilitating the induction and professional development of directors.

All directors should be able to communicate directly with the Company Secretary and vice versa. The decision to appoint or remove the Company Secretary must be made or approved by the Board. The Company Secretary is accountable to the Board, through the Chair, on all governance matters and proper functioning of the Board.

#### **2.5 Role of the General Counsel (if any)**

The General Counsel is responsible for managing all transactional and other legal matters, including, without limitation, all regulatory compliance issues, whether in-house or in conjunction with outside counsel.

All directors will have access to the General Counsel.

### **3. Responsibilities of the Board and Performance Evaluation**

#### **3.1 Responsibilities**

The role of the Board is to provide overall strategic guidance, financial management and controls for the Company through effective oversight of management. The full range of the Board's responsibilities is determined by law and the requirements of the Company, including the following:

Performance:

- ensuring the long-term viability of Kazia Therapeutics and enhancing its financial position;
- defining the Company's purpose and providing oversight and final approval of the Company's corporate strategy;
- monitoring senior executives' implementation of the Company's corporate strategy;
- approving and monitoring the business plan, budget and corporate policies;
- monitoring and assessing performance of the Company and the Board itself;
- overseeing the process of strategic management of current corporate projects; overseeing the risk management framework and monitoring of material business risks, including the Company's controls and accountability systems;
- approving risk management policies and monitoring compliance with those policies; and
- monitoring developments in the industry and the operating environment.

Compliance / legal conformance:

- understanding and protecting the financial position of Kazia Therapeutics;
- monitoring and requiring legal and regulatory compliance;
- reviewing and approving annual accounts, annual reports and other public documents and sensitive reports;
- monitoring and approving financial and other reporting; and
- ensuring an effective system of internal controls exists and is functioning as required.

Overall operations:

- approving Kazia Therapeutics' vision, mission, values and ethical standards as contained in a Code of Conduct, to underpin the desired culture within the Company and overseeing Management's instilling of those values;
- monitoring compliance with ethical standards;
- delegating an appropriate level of authority to management and approving any additional changes to those delegations;
- ensuring appropriate resources are available to senior executives;
- demonstrating corporate leadership;

- assuming responsibility for the relationship with the CEO including their appointment, succession, performance assessment, remuneration and dismissal;
- where appropriate, ratifying the appointment and, the removal of senior executives;
- overseeing aspects of the employment of senior executives including remuneration, performance and succession planning;
- selecting auditors for external audit, with the assistance of the Audit, Risk and Risk Committee, to oversee the integrity of the Company's accounting and corporate reporting system;
- recommending the appointment, and reviewing the performance of directors;
- appointing the members of Board committees;
- ensuring effective communication to shareholders, staff and other stakeholders;
- satisfying itself, with the assistance of the Audit, Risk and Governance Committee, that the Company has in place an appropriate risk management framework for both financial and non-financial risks and setting the risk appetite within which the Board expects Management to operate;
- satisfying itself that an appropriate framework is in place for relevant information to be reported to the Board by Management, and whenever required, challenging Management to hold it to account; and
- approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures.

Matters which are expressly reserved for the Board or its committees include the following:

- monitoring issues relating to securities, subject to the requirements of the law;
- appointing the Chair;
- appointing and removing the CEO and the Company Secretary;
- appointing directors to fill a casual vacancy or as additional directors;
- ratifying the appointment and removal of senior executives;
- establishing Board committees and overseeing their membership and authority;
- determining the Company's dividend policy, and the approval of dividends (including as to the amount and timing of payment);
- monitoring the effectiveness of the Company's corporate governance policies and practices;
- satisfying itself, with the assistance of the Remuneration and Nomination Committee, that the Company's remuneration policies are aligned with its purposes, values, strategic objectives and risk appetite;
- approving major capital expenditure, capital management, and acquisitions and divestitures; and
- any other specific matter nominated by the Board from time to time.

### **3.2 Performance Evaluation**

At least once per year the Board will, with the advice and assistance of the Nomination and Remuneration Committee, establish and maintain a proper process to review and evaluate the performance of the Board, each Board committee and each individual director against the relevant charters, corporate governance policies and procedures as necessary.

Following each review and evaluation, the Board will consider how to improve its performance.

### **4. The Role of Management**

Senior executives are responsible for:

- recommending a corporate strategy to the Board for approval and once it is approved, implementing the corporate strategy;
- instilling the Company's values, all while operating within the values, Code of Conduct, budget and risk appetite set by the Board;
- assuming day to day responsibility for the Company's conformance with relevant laws, regulations and its compliance framework;
- achieving the performance targets set by the Board;
- developing, implementing and managing risk management and internal control frameworks;
- developing, implementing and updating policies and procedures;
- monitoring relevant trends in the industry and the Company's operating environment;
- providing all employees with appropriate training on the Company's values contained in the Code of Conduct and ensuring that these values be reinforced in the Management's interactions with employees;
- providing the Board with accurate, clear and timely information on the Company's operation to enable the Board to effectively perform its responsibilities (including information about the financial performance of the Company, compliance with material legal and regulatory requirements, and any conduct that is materially inconsistent with the values of the Company or Code of Conduct). Directors are entitled to request additional information from Management at any time they consider appropriate; and
- manage human, physical and financial resources to achieve the Company's objectives - in other words to run the day to day business in an effective way.

Directors are entitled to request additional information from Senior executives at any time they consider it appropriate.

### **5. Delegation of Authority to Management**

The Board has delegated responsibility for the conduct of the Company's businesses to the CEO but remains responsible for overseeing the performance of management.



The Board has established delegated limits of authority that define the matters delegated to management and those which require Board approval. The policies and delegated limits of authority are reviewed on a regular basis.

## **6. Assistance to Board to Fulfil Roles and Responsibilities**

Board members will be assisted by the Company to fulfil their roles and responsibilities in ways which include:

- the provision of induction materials for new directors in order to gain an understanding of Kazia Therapeutics' financial, strategic, operational and risk position, their rights, duties and responsibilities, the roles and responsibility of senior management and the role of Board committees;
- the offer by the Company of a Deed of Access and Indemnity; and
- professional development opportunities to update and enhance their skills and knowledge. This includes education concerning key developments in Kazia Therapeutics and in the industry and environment within which the Company operates.

## **7. Risk Management**

The Board is responsible for implementing a culture that will promote risk awareness and its effective management throughout the Company.

The Board, through its Audit, Risk and Governance Committee, will monitor the effectiveness of the Company's risk management and satisfy itself that the appropriate internal control mechanisms are in place and are being implemented. It shall maintain a direct and ongoing dialogue with the Company's auditors and, where appropriate, principal regulators and ensure compliance with all regulatory requirements.

## **8. Social and Ethical Responsibility**

The Board shall set standards for social and ethical practices and consider how these practices will impact the Company's activities. The Board should instil and continually reinforce a culture across the Company of acting lawfully, ethically and responsibly. This culture should be articulated and disclosed in the Company's statement of values.

## **9. Conduct of Board Meetings**

Board meetings will be conducted in accordance with the Company's Constitution and the Corporations Act.

A Chair will be appointed in accordance with the Constitution.

The Constitution provides that the quorum for a meeting may be fixed by the Directors and unless so fixed, is two Directors present. The quorum must be present at all times during the meeting.

Every director is entitled to notice of a Board meeting, which notice will be given in accordance with the Constitution.

Board meetings will normally be held monthly, or as required to meet the needs of the business, at venues, dates and times agreed, where practical, in advance.

In the ordinary course, Board and committee papers will be provided to directors at least three business days before the meeting, unless the meeting has been called urgently.

The agenda for each Board meeting will be approved by the Chair of the meeting and where relevant, developed in consultation with the CEO and Company Secretary.

Board and committee papers will contain sufficient and relevant information to enable directors to efficiently discharge their responsibilities and to make informed decisions on each of the agenda items for consideration.

The minutes of Board meetings will be prepared by the Company Secretary in consultation with the Chair and then distributed to the entire Board for comment and approval by way of Circular Resolution, all to occur within three weeks or less from the date of the Meeting so minuted.

#### **10. Board Access to Information and Independent Advice**

All directors have unfettered access to the Company's records and information they consider necessary to fulfil their responsibilities. Directors also have access to the Company Secretary and other senior Management to seek explanations and information. Directors receive regular detailed financial and operational reports and may request elaboration or explanation of those reports at any time. The Board should also receive copies of all material market announcements promptly after they have been made.

The Board, collectively, and each director individually, has the right to seek independent professional advice at the Company's expense to help them carry out their responsibilities. While the Chair's prior approval is needed, it may not be unreasonably withheld.

#### **11. Confidentiality**

All directors are required to keep confidentiality all information provided to them in their capacity as a director and must not disclose or improperly use such information.

#### **12. Review of Corporate Governance Policies and Charters**

The Board will review this charter annually.

The Board will, with the advice and assistance of the (1) Nomination and Remuneration Committee and (2) the Audit, Risk and Governance Committee, review the performance and effectiveness of the Company's corporate governance policies and procedures and, if appropriate, amend those policies and procedures as is necessary.

The Board will review and approve all disclosures related to any departures from the ASX Corporate Governance Principles and Recommendations.