



PharmX Technologies Limited
ABN 25 000 091 305

Board Charter
Definition of Director Independence

Board Charter

In carrying out the responsibilities and powers set out in this Charter, the Board:

- (a) recognises its overriding responsibility to act honestly, fairly, diligently and in accordance with the law in serving the interests of its shareholders; and
- (b) recognises its duties and responsibilities to its employees, customers and the community.

1. The Specific Responsibilities of The Board

In addition to matters it is expressly required by law to approve, the Board has the following specific responsibilities:

- 1.1 appointment of the Managing Director (or equivalent) and other senior executives and the determination of their terms and conditions including remuneration and termination;
- 1.2 driving the strategic direction of the Company, ensuring appropriate resources are available to meet objectives and monitoring management's performance;
- 1.3 reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- 1.4 approving and monitoring the progress of major capital expenditure, capital management and significant acquisitions and divestments;
- 1.5 approving and monitoring the budget and the adequacy and integrity of financial and other reporting;
- 1.6 approving the annual and half yearly accounts and investor presentations;
- 1.7 approving significant changes to the organisational structure;
- 1.8 approving the issue of any securities in the Company, including shares, options and performance rights;
- 1.9 ensuring a high standard of corporate governance practice and regulatory compliance and promoting ethical and responsible decision-making;
- 1.10 recommending to shareholders the appointment of the external auditor as and when their appointment or re-appointment is required to be approved by them;
- 1.11 meeting with the external auditor, at their request, without management being present; and
- 1.12 whenever required, challenging management and holding them to account.

2. Composition of the Board

- 2.1 The composition of the Board is reviewed regularly to ensure the appropriate mix of skills and expertise is present to facilitate the setting of a successful strategic direction.

- 2.2 In appointing new members to the Board, consideration is given to the ability of the appointee to contribute to the ongoing effectiveness of the Board, to exercise sound business judgement, to commit the necessary time to fulfil the requirements of the role effectively and to contribute to the development of the strategic direction of the Company.
- 2.3 The majority of the Board is comprised of non-executive Directors. Where practical, at least 50% of the Board will be independent. An Independent Director is one who is independent of management and free from any business or other relationship, which could, or could reasonably be perceived to, materially interfere with, the exercise of independent judgement. Independent Directors should meet the definition of what constitutes independence as set out in the ASX Corporate Government Principles and Recommendations (see Annexure A).
- 2.4 Directors must disclose their interests and those interests are confirmed at each Board Meeting. The independence of Directors is annually assessed by the Board in light of the interests disclosed.
- 2.5 Directors are expected to bring their independent views and judgement to the Board and must declare immediately to the Board any potential or active conflicts of interest.
- 2.6 Directors must declare immediately to the Board if there is a change in circumstances that may affect their independence. If the Board determines that a director's status as an independent director has changed, that information will be disclosed to the market.
- 2.7 No member of the Board, except for the Managing Director, may serve for more than three years or past the third annual general meeting following their appointment, whichever is the longer, without being re-elected by the shareholders.
- 2.8 Prior to the Board proposing re-election of non-executive Directors, their performance will be evaluated by the Remuneration and Nominations Committee to ensure that they continue to contribute effectively to the Board.
- 2.9 The Board should comprise Directors with a mix of qualifications, experience and expertise which will assist the Board in fulfilling its responsibilities, as well as assisting the Company in achieving growth and delivering value to shareholders.

3. The role of the Chairman

- 3.1 The Chairman should be an Independent non-executive Director. If a Chairman ceases to be an independent Director then the Board will consider appointing a lead independent Director.
- 3.2 The Chairman must be able to commit the time to discharge the role effectively.
- 3.3 The Chairman is responsible for the leadership of the Board, ensuring it is effective, setting the agenda of the Board, conducting the Board meetings and conducting the shareholder meetings.
- 3.4 The Chairman should facilitate the effective contribution of all Directors and promote constructive and respectful relations between Board members and management.
- 3.5 In the event that the Chairman is absent from a meeting of the Board then the Board shall appoint a Chairman for that meeting.

4. Board committees

- 4.1 To assist the Board in fulfilling its duties, the Board has established the following committees, each with written terms of reference:
 - a) Audit and Risk Committee; and
 - b) Remuneration and Nominations Committee.
- 4.2 The charter of the Committees is approved by the Board and reviewed regularly and in any case following any applicable regulatory changes.
- 4.3 The Board will ensure that the Committees are sufficiently supported to enable them to fulfil their roles and discharge their responsibilities.
- 4.4 Members of Committees are appointed by the Board. The Board may appoint additional Directors to Committees or remove and replace members of Committees by resolution.
- 4.5 The minutes of each Committee meeting shall be provided to the Board at the next occasion the Board meets following approval of the minutes of such Committee meeting.

5. Board meetings

- 5.1 A majority of Directors must be present at a meeting, in person or by instantaneous communication device, to constitute a quorum.
- 5.2 The Board will schedule formal Board meetings at least quarterly and hold additional meetings, including by telephone, as may be required.
- 5.3 Non-executive Directors may confer at scheduled times without management being present.
- 5.4 The minutes of each Board meeting shall be prepared by the Company Secretary, approved by the Chairman and circulated to Directors promptly after each meeting.
- 5.5 The Company Secretary shall distribute supporting papers for each meeting of the Board as far in advance as practicable.
- 5.6 Minutes of meetings must be approved at the next Board meeting.

6. The Company Secretary

- 6.1 The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board.
- 6.2 The Company Secretary is to co-ordinate the timely completion and despatch of Board and Committee papers.
- 6.3 The Company Secretary is entitled to attend any meeting of Directors and is entitled to be heard on any matter dealt with at any meeting of Directors.
- 6.4 The Company Secretary is to ensure that the business at Board and Committee meetings is accurately captured in the minutes.

- 6.5 When requested by the Board, the Company Secretary will facilitate the flow of information of the Board, between the Board and its Committee and between senior executives and non-executive Directors.
- 6.6 The Company Secretary is to facilitate the induction of new Directors.
- 6.7 The Company Secretary is to monitor that Board policies and procedures are followed.
- 6.8 The Company Secretary is to provide advice to the Board on corporate governance matters and law.
- 6.9 Each Director can communicate directly with the Company Secretary and vice versa.
- 6.10 The Board has the responsibility for the appointment and removal of the Company Secretary.

7. Access to advice

- 7.1 All Directors have unrestricted access to Company records and information except where the Board determines that such access would be adverse to the Company's interests.
- 7.2 All Directors may consult management and employees as reasonably required and with prior notification to the Managing Director (or equivalent) as a matter of courtesy to enable them to discharge their duties as Directors.
- 7.3 The Board, Board Committees or individual Directors may seek independent external professional advice as considered necessary at the expense of the Company, subject to prior consultation with the Chairman. A copy of any such advice received is made available to all members of the Board.

8. The Board's relationship with management

- 8.1 The Board shall delegate responsibility for the day-to-day operations and administration of the Company to the Managing Director (or equivalent).
- 8.2 In addition to formal reporting structures, members of the Board are encouraged to have direct communications with management and other employees within the Group to facilitate the carrying out of their duties as Directors.

9. Performance review

- 9.1 The Remuneration and Nominations Committee shall conduct an annual performance review of the Board that:
 - a) compares the performance of the Board with the requirements of its Charter;
 - b) critically reviews the mix of the Board; and
 - c) suggests any amendments to this Charter as are deemed necessary or appropriate.

10. Market disclosure policy

The Board should ensure that the Company has in place effective market disclosure policies and procedures so that shareholders and the financial market are fully informed to the extent required

by the applicable disclosure rules and legislation on matters that may influence the share price of the Company or its listed debt securities.

11. Adoption and amendment

11.1 This Charter was reviewed by the Board in March 2023.

11.2 This Charter may be amended from time to time by resolution of the Board.

Annexure A: DEFINITION OF DIRECTOR INDEPENDENCE

ASX CORPORATE GOVERNANCE COUNCIL BEST PRACTICE RECOMMENDATIONS

An independent Director is a non-executive Director (i.e. is not a member of management) and:

- (a) holds less than 5% of the voting shares of the Company and is not an officer of, or otherwise associated directly or indirectly with, a shareholder of more than 5% of the voting shares of the Company;
- (b) does not receive performance-based remuneration (including options or performance rights) from, or participates in an employee incentive scheme of the Company;
- (c) within the last three years has not been employed in an executive capacity by the Company or another group member, or been a director after ceasing to hold any such employment;
- (d) within the last three years has not been a principal of a material professional adviser or a material consultant to the Company or another Group member, or an employee materially associated with the service provided;
- (e) within the last three years has not been a material supplier or customer of the Company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- (f) has no material contractual relationship with the Company or another Group member other than as a Director of the Company;
- (g) has not served on the Board of Directors of the Company for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company;
- (h) has no close personal ties with any person who falls within any of the categories described above; and
- (i) is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company as a whole, rather than in the interests of an individual security holder or other party.

The materiality thresholds are assessed on a case-by-case basis, taking into account the relevant Director's specific circumstances, rather than referring to a general materiality threshold.