



RUA - Code of Corporate Governance

Rua Bioscience Ltd (**RBL** or the **Company**) has adopted a code of corporate governance based on the 8 principles of the NZX Corporate Governance Code.

Principle 1 – Ethical Standards

RBL has adopted a written code of ethics for the Company (**Code of Culture and Ethics**). This is a statement of our core values. The Code of Culture and Ethics set out explicit expectations for ethical decision making and personal behaviour for Directors and employees. Key areas it covers include:

- Acting honestly and with high standards of personal and professional integrity
- Dealing with and proactively advising on conflicts of interest, including any circumstances where a Director may/may not participate in a Board discussion, and voting on matters in which a Director has a personal interest
- Proper use of an entity's property and/or information, including not taking advantage of the entity's property or information for personal gain, except as permitted by law
- In the case of Directors, giving proper attention to the matters before them
- Acting honestly and in the best interests of RBL, as required by law, and taking account of interests of shareholders and other stakeholders
- Not participating in illegal or unethical activity
- Fair dealing with customers, shareholders, clients, employees, suppliers, competitors and other stakeholders
- Adhering to procedures around the giving and receiving gifts and koha
- Adhering to procedures to prevent and address improper payments (e.g. facilitation payments and bribes)
- Complying with applicable laws and regulations
- Reporting unethical decision-making and/or behaviour
- Conduct expected of Management and the Board for responding to and supporting whistleblowing.

The Code of Culture and Ethics include internal reporting procedures for any breach of ethics, including a statement about how breaches will be dealt with.

RBL communicates the Code of Culture and Ethics to our employees at the time of their initial employment, and supports their compliance with training and clear procedures.

RBL publishes the Code of Culture and Ethics and serious breaches are reported to the Board.

The RBL Board reviews the Code of Culture and Ethics every three years at a minimum. The Board ensures Directors, Executives and other personnel are held accountable for ethical behaviour.

As part of encouraging ethical behaviour, the Company has a financial product dealing policy which applies to employees and directors.



Principle 2 – Board Composition and Performance

The RBL Board operates under a written charter that sets out the roles and responsibilities of the Board. The Board charter distinguishes and discloses the respective roles and responsibilities of the Board and Management.

RBL Directors are ultimately appointed by our shareholders and to ensure an effective board that complies with the NZX Listing Rules. There will be a minimum of three directors at any one time, at least two of whom are ordinarily resident in New Zealand. While RUA is listed on the NZX Main Board, it shall have not less than the minimum number of independent directors prescribed by the NZX Main Board Listing Rules. The Chair of the RBL Board is also an independent Director.

The Company has a procedure for the nomination and appointment of new directors to the Board.

The Chair of the RBL Board is responsible for fostering a constructive governance culture and ensuring Directors and Management apply appropriate governance principles.

The RBL Board expects Directors to make the necessary time commitment to be effective in their role. The RBL Board allocates time and resources for Directors to gain and retain a sound understanding of their responsibilities. The Company will enter into written agreements with each newly appointed Director establishing the terms of their appointment, and the new appointees will have a comprehensive induction. All Directors have ongoing training as required to remain current on how to best to perform their duties as Directors of RBL.

The RBL Board has formal processes for evaluating their performance, and that of Board Committees, individual Directors and the Chair. This includes a formal, regular review of the Chair.

Reporting includes information about each Director contained in the Company's annual report or on its website. This includes a profile of their experience, length of service, independence and ownership interests in the entity and director attendances at board meetings. It also includes information on the Board's appointment, training and evaluation processes.

RBL has a written Diversity and Inclusion policy that includes requirements for the Board (or a relevant committee of the Board set up for this purpose) to set measurable objectives for achieving diversity (which, at a minimum, addresses gender diversity) and to assess annually both the objectives and RUA's progress in achieving them.

Principle 3 – Board Committees

The RBL Board Committees have a clear, formal term of reference setting out their role and delegated responsibilities. Those terms of reference make clear the function of the Committee is not to replace the ultimate decision-making authority of the full Board.

The terms of reference and membership of each Board Committee are available on RBL's website.

Committee proceedings are reported back to the Board to allow other Directors to question Committee members, and any Board members are allowed to attend Committee meetings (subject to Committee composition requirements set out below).

RBL currently has two Committees, Audit, Finance and Risk Committee and Remuneration and Nomination Committee.

The **Audit, Finance and Risk Committee** has the following responsibilities:

- Recommending the appointment and removal of external auditors
- Overseeing all aspects of the RBL-audit firm relationship
- Promoting integrity and transparency in financial reporting
- Ensuring that processes are in place and monitoring those processes so that the Board is properly and regularly informed and updated on corporate financial matters
- Meeting regularly to monitor and review the independent and internal auditing practices
- Having direct communication with and unrestricted access to the independent and any internal auditors or accountants
- Reviewing the Company's financial reports and advising all Directors whether they comply with the appropriate laws and regulations
- Liaising with the external auditors on behalf of the Board and ensuring the independence of the auditors is not impaired, or could reasonably be perceived to be impaired
- Monitoring and reviewing the Company's accounting policies, internal controls and related matters
- Verifying that the Company has appropriate processes to identify and manage potential and relevant risks
- Ensuring that the audit partner is changed at least every five years

Receiving and reviewing reports about the Company's risk management framework and internal controls (including in relation to health and safety). As required under the NZX Listing Rules, the Audit, Finance and Risk committee comprises:

- Solely of Directors
- At least one Director who is a qualified accountant or has another recognised form of financial expertise
- A chair who is independent and who is not also the Board Chair.
- A minimum of three members with a majority that are independent Directors

The Chair of the Audit, Finance and Risk Committee should not have a longstanding association with the external audit firm, either as a current or retired audit partner or senior manager at the firm.

The **Remuneration and Nomination Committee** has the following responsibilities:

- Assisting the Board in the establishment of the remuneration policies and practices for the Company
- Reviewing the annual performance appraisal of the Chief Executive (which is undertaken by the Chair of the Board) and reviewing the performance appraisals of Senior Management
- Reviewing the remuneration of the Chief Executive and Senior Management, and the design and operation of the incentive programme, and making appropriate recommendations to the Board
- Reviewing director remuneration and making appropriate recommendations to the Board
- Recommending director appointments to the Board.

The Remuneration and Nomination Committee comprises:

- A majority of Directors that are independent Directors
- A chair who is not the Board Chair.



The RBL Board will from time to time consider whether it is appropriate to have any other Board committees as standing board committees and, if so, establish that committee and a written charter under which the committee will operate.

The RBL Board has established appropriate protocols that set out the procedure to be followed if there is a takeover offer for Rua including any communication between insiders and the bidder. Those protocols include the option of establishing an independent takeover committee, and the likely composition and implementation of an independent takeover committee.

Principle 4 – Reporting and Disclosure

The RBL Board has a rigorous process to ensure the quality and integrity of financial statements and nonfinancial reporting.

RBL's financial reporting and annual report (in addition to all information required by law) includes sufficient meaningful information to enable all shareholders to be well informed. We strive to make our financial reports balanced, clear, concise, objective and effective, while meeting the requirements of financial reporting standards.

The RBL Board determines the appropriate level of non-financial reporting, considering the interests of their stakeholders and material exposure to environmental, social and governance (**ESG**) factors. The Company maintains an effective system of internal control for reliable financial and non-financial reporting and accounting records.

The Board requires Management to provide it with information of sufficient content, quality and timeliness, as the Board considers necessary, to allow the Board to effectively discharge its duties. Management provides formal Board papers one week in advance of Board meetings. A formal process is followed, including representations and certifications from Senior Management, to ensure that the Company's financial statements comply with international financial reporting standards as applied in New Zealand and fairly represent the financial affairs of the Company.

The Company provides timely and adequate disclosure of information on matters of material impact to Shareholders and will comply with all requirements for reporting of an NZX listed entity. As part of the foregoing, Rua Board has a written continuous disclosure policy that explains how it complies with its continuous disclosure obligations to ensure all investors have access to relevant information.

Directors explain their role in preparing the annual report, and in preparing financial statements that comply with relevant laws and accounting standards.

RBL makes its Code of Culture and Ethics, Board and committee charters, and the policies recommended in the NZX Corporate Governance Code, ESG reporting and other governance documents readily available to stakeholders on the RBL website.

Principle 5 - Remuneration

The RBL Board has a clear policy for setting Executive remuneration of Directors and officers, which outlines the relative weightings of remuneration components and relevant performance criteria. Remuneration is fair and reasonable, and competitive in the market for the skills, knowledge and experience required. The Company believes all employees should have the



opportunity to reach their potential and thrive in an inclusive and diverse workplace. The Board monitors established reporting and trend analysis on age profile, gender profile and employment tenure.

The Board is committed to a policy that the remuneration of Directors and Management be transparent, fair and reasonable. No Executives decide their own remuneration.

RBL's Remuneration and Nominations Committee recognises that market forces necessarily influence remuneration practices and it strongly believes the fundamental driver of remuneration outcomes should be business performance. It also believes that overall remuneration should be both fair to the individual, such that remuneration levels accurately reflect Executives' responsibilities and contributions. The positioning and relativities of pay and employment conditions across the wider workforce will also be taken into consideration.

The Board recognises the importance of full, fair and transparent disclosure of the Chief Executive's remuneration and this is fully disclosed in the annual financial statements. This disclosure includes the base salary, any short term incentives and any long term incentives and the performance criteria used to determine any performance based payments.

The Executive Management team remuneration is made up of a base salary and may comprise a performance incentive related payment which is dependent on the performance of the Company and attainment of agreed objectives.

The Shareholders by ordinary resolution from time to time set a total maximum aggregate annual amount payable to the Directors in their capacity as Directors in a transparent manner. That aggregate sum is divided among the Directors as they consider appropriate. The fees paid to each of the Directors in the previous financial year are detailed in the Directors' interests section of the Company's Annual Report.

Principle 6 – Risk Management

The RBL Board actively contributes to the formulation of the business strategy and tracks progress against it.

The RBL Board ensures there are rigorous risk management processes and internal controls in place.

The Board receives and reviews reports about the risk management framework and internal control processes throughout the year via the Audit, Finance and Risk Committee. Material risks are formally communicated to the Board every six months or more regularly if required.

Board reports include a copy of RBL's risk register and highlight the main risks to RBL's performance and the steps being taken to manage them. We include a copy of the risk register in the monthly Board pack. It is updated every six months or as required.

Health and safety risks are key part of the risk management process and internal controls, and there should be reports on RBL's health and safety risks, performance and management.

Principle 7 - Auditors

The RBL Board has a good working knowledge of the responsibilities of the external auditors and will ensure there is a framework for RBL's relationship with its external auditors. The framework includes procedures:

- for sustaining communication with RBL's external auditors;
- to ensure that the ability of the external auditors to carry out their statutory audit role is not impaired, or could reasonably be perceived to be impaired;
- to address what, if any, services (whether by type or level) other than their statutory audit roles may be provided by the auditors to RBL;
- to provide for the monitoring and approval by the RBL's Audit, Finance and Risk committee of any service provided by the external auditors to RBL other than in their statutory audit role.

The RBL Board will also ensure that a proper process is conducted for the appointment of an appropriately qualified and experienced audit firm, and ensure that there is no relationship between the auditor and RBL (or any related person) that could compromise the auditor's independence.

The Board facilitates regular and full dialogue between its Audit, Finance and Risk Committee, external auditors and Management. The Audit, Finance and Risk Committee has time set aside each year with the external auditors to discuss the performance of Management.

The Board ensures that the annual external audit is not led by the same audit partner for more than five consecutive years.

Negotiations for the annual audit fee are managed by the Chair of the Audit, Finance and Risk Committee. There is input from RBL's Management but the final decision is made by the Board.

The Board prepares and files financial reports as required under relevant legislation. The Board reports in its annual report, the fees paid to their audit firm. This report differentiates between audit fees and fees for individually identified non-audit work.

Where applicable, the RBL Board explains in the annual report the non-audit work their audit firm carried out, and why the work did not compromise auditor objectivity and independence. They also explain:

- How they satisfied themselves about auditor quality and effectiveness of the audit
- Their approach to tenure and reappointment of auditors
- Any threats to auditor independence and how those threats were mitigated.

The auditor should attend Rua's Annual Meeting to answer questions from shareholders in relation to the audit.

The Board also ensures that Rua discloses:

- if it has an internal audit function, how the function is structured and what role it performs; or
- if it does not have an internal audit function, the fact and the process it employs for evaluating and continually improving the effectiveness of its risk management and internal processes.



Principle 8 – Shareholder Rights & Relations

RBL maintains a positive and proactive relationship with its shareholders and actively encourages shareholders to engage directly with the company (including electronically).

The Annual Report is provided directly to Shareholders and it includes audited financial statements and other details which are required to permit an informed assessment of RBL's performance and financial position during the reporting period.

The half year reporting contains unaudited information and RBL publishes up-to-date information, on the RBL website providing:

- A comprehensive description of its business and structure
- Commentary on its goals, strategies and performance
- Key corporate governance documents

RBL has a clear focus on the needs of our key stakeholders (including customers, employees, the public, the Council and Government) and recognises it is critical to meet their needs to ensure we have a successful business.

The RBL Board also has a focus on ensuring the following:

- Shareholders should have the right to vote on major decisions which may change the nature of Rua in which they are invested
- If Rua seeks additional equity capital, Rua should offer further equity securities to existing shareholders of the same class on a pro rata basis, and on no less favourable terms, before further equity securities are offered to other investors. If Rua raises capital by a means other than a pro rata offer (e.g. a private placement), Rua will explain why such capital raising method was preferred when next reporting against the NZX Corporate Governance Code
- Any notice of annual or special meetings of shareholders is posted on Rua's website as soon as possible and at least 20 working days prior to the meeting.

Date adopted: 24 September 2020