



RUA - Board Charter

1. Purpose

- 1.1 The Board Charter (**Charter**) of Rua Biosciences Limited (**Rua**) sets out the role, responsibilities, composition and structure of the board of directors of Rua (the **Directors** and the **Board**).
- 1.2 In carrying out its activities, the Board is committed to its overriding responsibility to act transparently, fairly, diligently and in accordance with the law in serving the interests of Rua's shareholders, customers, community as well as Rua and any of its subsidiaries (the **Rua Group**).

2. Role and responsibilities of the Board

- 2.1 The Board has ultimate responsibility for the strategic direction of Rua and for supervising Rua's management for the benefit of shareholders. The Board is accountable to shareholders for the performance of Rua.
- 2.2 In performing its responsibilities, the Board should act at all times in a manner designed to create and grow sustainable value for shareholders and in accordance with the duties and obligations imposed on them by the constitution of Rua, which is expected to come into force on the date of Rua's listing on the NZX Main Board (**Constitution**) and by law.
- 2.3 In carrying out its principal function, the Board is specifically responsible for:
 - 2.3.1 providing overall governance for and leadership of Rua, and setting the strategic direction and appropriate operating frameworks for Rua;
 - 2.3.2 supervising and monitoring the performance of management within those frameworks, including overseeing management's implementation and communication of Rua's strategic objectives and its performance generally;
 - 2.3.3 determining the high-level health and safety strategy for Rua and actively monitoring management's implementation of that policy, processes and procedures;
 - 2.3.4 reviewing and approving Rua's budgets, capital management, significant and/or material investments and projects, the monitoring of the return on those investments and projects and monitoring the financial solvency of Rua;
 - 2.3.5 appointing and removing the Chair and the Chief Executive Officer and overseeing succession plans for the senior management team;
 - 2.3.6 ensuring Rua satisfies its continuous disclosure obligations under the NZX Listing Rules (**Listing Rules**), and that the market has available all relevant information required to make informed investment decisions, and assessments of Rua's prospects, in accordance with Rua's Continuous Disclosure Policy;
 - 2.3.7 overseeing Rua's process for making timely and balanced disclosure of all material information concerning Rua that a reasonable person would expect to have a material impact on the price or value of Rua's shares;
 - 2.3.8 adopting and overseeing appropriate procedures to ensure compliance with all laws, government regulations, risk management and accounting standards (including the external audit);
 - 2.3.9 seeing that Rua has in place an appropriate risk management framework and setting the risk appetite within which the Board expects management to operate;
 - 2.3.10 reviewing performance, operations and compliance reports from the Chief Executive Officer and Chief Financial Officer, including reports and updates on strategic issues and risk management matters;

- 2.3.11 seeing Rua has appropriate corporate governance structures in place including standards of ethical behaviour, as set out in the Code of Culture and Ethical Behaviour, and remuneration policies, as set out in the Remuneration Policy and the Remuneration and Nominations Committee Charter, as well as monitoring the effectiveness of those governance practices;
- 2.3.12 setting measurable objectives for achieving diversity, in accordance with the Diversity and Inclusion Policy, and annually assessing Rua's progress in achieving these objectives;
- 2.3.13 requiring that the Board is and remains appropriately skilled to meet the changing needs of Rua;
- 2.3.14 ensuring that, while Rua is listed on the NZX Main Board, notices of any annual or special meetings of shareholders are posted to Rua's website as soon as possible and at least 20 working days prior to the relevant meeting;
- 2.3.15 attending to matters which cannot be delegated under law, particularly those matters set out in Schedule 2 to the Companies Act 1993.

3. **Board composition**

- 3.1 The number of Directors will be governed by the Constitution, the Listing Rules and the Companies Act 1993.
- 3.2 The Board will ensure it is of an effective composition, size and commitment to adequately discharge its responsibilities and duties in such a way that it:
 - 3.2.1 has a proper understanding of, and competence to deal with, the present and emerging issues of Rua;
 - 3.2.2 exercises independent judgement;
 - 3.2.3 encourages enhanced performance of Rua;and
 - 3.2.4 can effectively review and challenge the performance of management.
- 3.3 The composition of the Board must at any time be a minimum of three Directors (other than alternate Directors):
 - 3.3.1 at least two of whom are ordinarily resident in New Zealand; and
 - 3.3.2 while Rua is listed on the NZX Main Board, it shall have not less than the minimum number of independent directors prescribed by the Listing Rules.¹
- 3.4 Independence
 - 3.4.1 A director is considered to be independent if the Board determines that the director is not an employee of Rua and does not have a disqualifying relationship. The assessment will be in accordance with the independence requirements of the Listing Rules and with regard to the NZX Corporate Governance Code or its current equivalent (as applicable) (**Code**). The basis for determining whether a director has a disqualifying relationship is also set out in a schedule to the Charter.
 - 3.4.2 The Board will conduct an annual assessment of the independence of each of the Directors, based on information provided to it by the Directors, to determine whether each director is independent in character and judgement. The Directors acknowledge that a change in the status of a Director's independence must be disclosed promptly and without delay.

¹ Recommendation 2.8 of the Code states that a majority of the board should be independent directors, if this recommendation is not complied with Rua will provide an explanation on its website or in its annual report.

- 3.4.3 Membership of the Board shall be disclosed in the annual report including whether a Director is independent. Changes in Directors' independence will be disclosed to the market promptly and without delay.
- 3.5 Rotation
- 3.5.1 All Directors appointed by way of a casual vacancy are required to be elected by the shareholders at the first annual meeting following their appointment.
- 3.5.2 Subject to paragraph 3.5.1 above, a director must not hold office (without re-election) past the third annual meeting following the director's appointment or three years, whichever is longer².
- 3.5.3 There is no maximum term for remaining a Director however tenure will be considered as part of the Board's independence assessment of a director.
- 3.6 Nomination and appointment to the Board
- 3.6.1 From time to time the Board will review the composition of the Board on the recommendation of the Remuneration and Nominations Committee, and the full Board will have the opportunity to consider candidates for appointment to the Board.
- 3.6.2 To be eligible for selection the candidates must demonstrate appropriate qualities and experience, as set out in the Remuneration and Nominations Committee Charter.
- 3.7 Induction and training
- 3.7.1 The Board seeks to ensure, and enable, a new Director to effectively discharge his or her duties and add value to Rua on their appointment to the Board and will ensure that any new Directors are:
- (a) appropriately introduced to the senior management team and the business of the Rua Group;
 - (b) acquainted with relevant industry and market knowledge; and
 - (c) receive copies of appropriate Rua company documents to enable new Directors to adequately perform their role.
- 3.7.2 The Board also seeks to ensure that there is appropriate training for all Directors to ensure that they are able to remain current with how to best discharge their duty as a Director.
4. **Constitution**
- 4.1 To the extent that there is any inconsistency between the Charter and the Constitution, the Constitution will prevail.
5. **Chair**
- 5.1 The Chair of the Board shall not be the Chief Executive Officer or the Chair of the Audit, Finance and Risk Management Committee.
- 5.2 The Chair shall be elected by the Board and confirmed at the first Board meeting following the annual meeting each year.
- 5.3 The Chair must be an independent Director³.

² As required in Listing Rule 2.7.1.

³ An "Independent Director" is defined in the Listing Rules as a Director who is not an Employee of the Issuer (other than in his/her capacity as Director of the Issuer) and who has no Disqualifying Relationship with the Issuer.

- 5.4 The Board supports the concept of the separation of the role of Chair from that of the Chief Executive Officer. The Chair's role is to manage the Board effectively, to provide leadership to the Board, and to interface with Rua's Chief Executive Officer.
6. **Procedures**
- 6.1 Board meetings
- 6.1.1 To enable appropriate review of Board materials Directors shall receive materials no less than five business days in advance of meetings for items to be acted upon, except in the case of special meetings for which the time period may be shorter due to the urgency of the matter under consideration.
- 6.1.2 It is intended that the Board meets at least six times per year. It is also intended that the Board will meet on occasion, as it considers appropriate, in session without management present.
- 6.1.3 The Board encourages the Chief Executive Officer to bring employees to Board meetings who can provide additional insight into the items being discussed because of their involvement in those matters. All Directors have access to employees to discuss issues or obtain further information on specific matters as they think appropriate.
- 6.1.4 The Board may from time to time allow observers and or advisors to attend Board meetings as it considers appropriate.
- 6.2 Board committees
- 6.2.1 The Board has three committees, these are:
- (a) the Audit, Finance and Risk Management Committee;
 - (b) the Remuneration and Nominations Committee; and
 - (c) the Disclosure Committee.
- 6.2.2 The Board may, from time to time, establish other committees to assist in carrying out its responsibilities.
- 6.2.3 Notwithstanding the existence of these committees, all decisions will be made by the Board, unless the Board has specifically delegated decision making power to a sub-committee of the Board.
- 6.2.4 The Board shall adopt a charter or policy setting out the membership, authority, duties, responsibilities and reporting obligations of these committees and evaluating the performance or establishing a method for evaluating the performance of the committees.
- 6.2.5 A copy of each charter or policy is available on Rua's website www.ruabio.com.
- 6.3 Conflicts of Interest
- 6.3.1 Where conflicts of interest arise, Directors must ensure that the nature of the conflict is adequately disclosed and excuse themselves from discussions on the issue where the conflict of interest exists.
- 6.3.2 All disclosures of interest (including the nature and extent of any interest) are recorded in the interests register of Rua by the company secretary and tabled at each Board meeting.
- 6.3.3 Such directors are not counted in the quorum and may not vote in respect of such matters, unless it is one in respect of which directors are expressly required by the Companies Act 1993 to sign a certificate or related to the grant of an indemnity under section 162 of that Act.

6.4 Trading in Rua's shares

6.4.1 Directors must refer to, and comply with, the Financial Products Dealing Policy and the Financial Markets Conduct Act 2013 or its current equivalent (as applicable).

6.4.2 All trading is subject to prior approval of the Chair (or in the Chair's case by the Chair of the Audit, Finance and Risk Management Committee).

6.5 Risk management and financial reporting

6.5.1 The Board is responsible for:

- (a) identifying the main risks to Rua's business;
- (b) reviewing and approving Rua's systems of internal compliance and control, risk management (including Rua's risk register) and legal compliance, to determine the integrity and effectiveness of those systems; and
- (c) approving and monitoring internal and external financial and other reporting, including reporting to shareholders, NZX and other stakeholders.

6.6 Remuneration

6.6.1 Remuneration decisions will be transparent, fair and reasonable and based on merit, where appropriate, and the Remuneration Policy outlines the principles which apply to the remuneration of Directors and the senior management team of Rua.

6.7 Company Secretary

6.7.1 The company secretary of Rua, who may also be the Chief Financial Officer, is directly accountable to the Board through the Chair on all matters to do with the proper functioning of and administrative support to the Board.

7. Power and authority

7.1 Delegation of authority to the Chief Executive Officer

7.1.1 The formulation and implementation of policies and reporting procedures for management has been delegated to the Chief Executive Officer. The Board's delegation of the conduct of the day to day affairs of Rua to the Chief Executive Officer is made within these terms. The Board monitors those delegations.

7.2 Independent advice

7.2.1 A committee or Director may retain and consult with external advisers (including legal) at Rua's expense where the committee or individual deems it necessary to carry out its, his or her functions, with the approval of the Chair of the Board.

7.2.2 Non-executive directors are not employees of Rua and are entitled to rely on Rua's executives, in relation to matters within their responsibility and area of expertise and may assume the accuracy of information provided by such persons, so long as the Director is not aware of any reasonable grounds upon which such reliance or assumption may be inappropriate.

7.2.3 The Board may rely upon information provided by Board committees and committee members in relation to matters within that Board committee's delegated responsibility, provided that it has evaluated the information and is not aware of any reasonable basis upon which to question its accuracy.



8. Evaluation of Board performance

8.1 The Chair shall meet regularly with Directors to discuss and assess individual performance of the Directors. The Board will review and assess its performance as a whole on an annual basis and in such a manner as the Board deems appropriate.

9. Director Indemnity and Insurance

9.1 All Directors have the benefit of an indemnity as provided for in the Constitution and as permitted by the Companies Act 1993.

9.2 Rua has Directors' and Officers' liability insurance, the cost of which is met by Rua.

9.3 The existence of the indemnities and insurance is disclosed in Rua's interest register.

10. Information

10.1 Management should provide information of sufficient content, quality and timeliness to the Board to enable it to effectively discharge its duties.

11. Publication

11.1 The Charter is available on Rua's website, www.ruabio.com.

12. Review

12.1 The Charter will be reviewed annually by the Board.

Date adopted: 24 September 2020

Date reviewed: 6 September 2022



Schedule - Director Independence

A director can only be considered independent if he or she is not an employee of Rua and has no disqualifying relationship with Rua with regard to the Code.

1. Disqualifying relationship

1.1 In determining whether a disqualifying relationship exists, the Board will have regards to any direct or indirect interest, position, association or relationship that could reasonably influence, or could reasonably be perceived to influence, in a material way, the director's capacity to:

1.1.1 bring an independent view to decisions in relation to Rua;

1.1.2 act in the best interests of the Rua; and

1.1.3 represent the interests of Rua's financial product holders generally, having regard to the factors set out below that may impact director independence.

2. Factors to be considered when assessing independence

2.1 Factors that may impact a director's independence include:

2.1.1 being currently, or within the last three years, employed in an executive role by the Rua Group, and there has not been a period of at least three years between ceasing such employment and serving on the Board;

2.1.2 currently, or within the last 12 months, holding a senior role in a provider of material professional services to the Rua Group;

2.1.3 a current, or within the last three years, material business relationship (e.g. as a supplier or customer) with the Rua Group, or any officer of, or otherwise associated with a person in such a relationship;

2.1.4 a substantial product holder of the issuer, or a senior manager of, or person otherwise associated with, a substantial product holder of the issuer;

2.1.5 a current, or within the last three years, material contractual relationship with the Rua Group, other than as a Director;

2.1.6 having close family ties with anyone in the categories listed above; and

2.1.7 having been a Director of Rua for a length of time that may compromise independence.

2.2 In each case, the materiality of the interest, position, association or relationship needs to be assessed.