

## SELECTION AND APPOINTMENT OF NEW DIRECTORS POLICY

### Tesseract Limited ACN 605 672 928 (“Company”)

The Company is committed to ensuring that the board of directors of the Company (**Board**) consists of members with a range of skills and qualities. This policy ensures that the procedure when selecting and appointing new directors is formal and transparent.

The Company must have at least three directors and not more than seven unless the shareholders resolve otherwise at a general meeting.

#### **1. Procedure for the selection and appointment of new Directors**

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##### **1.1 Responsibility**

The Company’s constitution, the Corporations Act 2001 (Cth) and the ASX Listing Rules set out processes for the nomination of Company directors (**Directors**). In addition to adhering to these requirements, the Board will regularly review the size and composition of the Board.

The Company must ensure that appropriate checks are in place before appointing a person or putting forward to shareholders a candidate for election as a Director these checks include: police checks, reference checks.

The Company must regularly disclose to shareholder the length of service of each director.

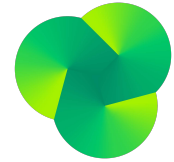
##### **1.2 Procedure and competency requirements**

The Board will assess its needs having regard to the strategic direction of the Company, the needs of the business and to ensure that a diverse and appropriate range of Directors are appointed having regards to their individual attributes, experience, qualifications and skills.

External professional advisers may be used to assist in the process of selecting suitable Directors, and reviewing and advising on the appropriateness of the composition of the Board.

The following broad categories have been identified as desirable competencies of Directors:

- (a) industry knowledge;
- (b) good communication skills;



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- (c) financial/audit acumen;
- (d) legal/compliance/risk management acumen;
- (e) OH&S/labour force management
- (f) ability to think strategically and work harmoniously with fellow directors and management; and
- (g) responding well under pressure.

Where a specified need or gap is identified by the Board or a new Director is deemed appropriate, the Board as a whole will:

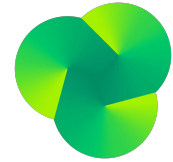
- (a) develop a short list of potential appointees taking into account (among other things,) the particular skills and experience of each potential individual appointee, potential conflicts of interest and fit with the current Board;
- (b) ensure that the short list of potential appointees will enhance the diversity and experience of the Board;
- (c) where necessary, use the services of an independent executive search firm to assess the appropriateness of potential appointees or supplement the list;
- (d) conduct an assessment of potential appointees against the selection criteria (as set out above);
- (e) determine the final candidate and have the chairman approach the successful candidate with an offer of employment; and
- (f) facilitate the candidate being appointed to the Board (including ensuring that there is a nomination of the proposed director by a shareholder).

### 1.3 **Board skills matrix**

To assist in identifying areas of focus and maintaining an appropriate experience mix, the Board has developed a skills matrix (set out in Annexure A) which is reviewed by the Board on a regular basis.

The board skills matrix sets out the skills and experience which, in the opinion of the Directors are required for a proper functioning of the Board.

To ensure that the current Directors have the skills and experience required by the board skills matrix, the Board from time to time will assess each Director's skills and experience and the current Directors as a group, against the board skills matrix to assist in identifying any gaps in skills or competencies that can be addressed in future director. It is not a requirement that each Director should present all of the



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skills and experience listed in the board skills matrix, but the Board collectively should present all of the skills and experience listed in the board skills matrix.

When filling any Board vacancies the Board will consider the board skills matrix. While the board skills matrix plays an important role in selecting new Directors, it is not the only, basis of criteria applying to the appointment of new Directors.

### 1.4 Shareholder approval

Proposed Directors will initially be appointed by the full Board, subject to election by shareholders at the next annual general meeting of the Company (**AGM**), as set out below.

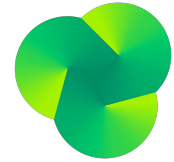
Appointment of a proposed candidate as identified by the Board as a Director must be ratified by the shareholders of the Company by ordinary resolution at an AGM.

The names of candidates submitted for election as Directors must be sent to shareholders and the following information provided to ensure shareholders make an informed decisions on whether or not to elect or re-elect a Director:

- (a) the proposed appointees biographical details including their relevant qualifications and experience and the skills they bring to the Board;
- (b) any material adverse information relevant by the checks as to a candidate's character, expertise, education, criminal record and bankruptcy history that the Company has performed about the Director;
- (c) details of any interest, position or relationship that might influence or reasonably be perceived to influence in a material respect the proposed candidates capacity to bring an independent judgment and to act in the best interest of the Company and its shareholders;
- (d) the proposed appointees relationship with the Company and the Board;
- (e) previous and current material directorships held;
- (f) a statement from the Board as to if they consider the Director to be an independent director; and
- (g) any other particulars required to be disclosed by the Corporations Act 2001 (Cth), the ASX Listing Rules or otherwise.

### 1.5 Written terms of appointment

The Company must have a written agreement with each Director and senior executive setting out the terms of their appointment.



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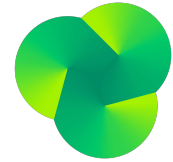
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In the case of a non-executive director, the written agreement should generally include:

- (a) the terms of the appointment;
- (b) the time commitment envisaged, including any expectations regarding involvement with committee work and any other special duties attaching to the position;
- (c) remuneration, including superannuation entitlements;
- (d) the expectation of the Company in relation to attendance at, and preparation for, Board meetings;
- (e) the requirement to disclose directors' interests and any matters which may affect the director's independence;
- (f) the requirement to comply with key corporate policies, including the Company's code of conduct and its share trading policy;
- (g) the Company's policy on when directors may seek independent professional advice at the expense of the Company;
- (h) the circumstances in which a Director's office becomes vacant;
- (i) indemnity and insurance arrangements;
- (j) ongoing rights of access to corporate information;
- (k) a copy of the Company's constitution; and
- (l) ongoing confidentiality obligations.

In the case of an executive director or other senior executive, the agreement should generally set out the information above (to the extent applicable) as well as:

- (a) a description of their position, duties and responsibilities;
- (b) the person or body to whom they report;
- (c) the circumstances in which their service may be terminated (with or without notice); and
- (d) any entitlements on termination.



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### 2. Reappointment of Directors

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The Company's constitution provides that a Director may not hold office for a period in excess of three years or past the third AGM following the director's appointment without seeking re-election.

Unless otherwise determined by a resolution of the shareholders, while the Company is admitted to the Official List, one third of the Directors, or if their number is not a multiple of three, then the whole number nearest to one third, must retire from office at each AGM.

The following procedure will be adopted in re-appointing incumbent Directors:

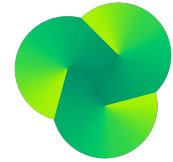
- (a) prior to the date of the AGM at which the Director is scheduled to be reappointment, the Board will assess the Board capabilities and the competencies and skills of the individual Director seeking reappointment, using amongst other things the competency criteria set out in this policy;
- (b) if the Board does not support the re-election of a Director seeking reappointment, the procedure to select and appoint a new Director may be initiated; and
- (c) if the Board does support the re-election of a Director seeking reappointment, the Director seeking re-election will be submitted for re-election by shareholders at the next AGM.

For a Director standing for re-election as a Director, shareholders must be provided with the following information:

- (a) the term of office currently served by the Director;
- (b) if the Board considers the Director to be an independent director, a statement to that effect; and
- (c) a statement by the Board as to whether it supports the election or re-election of the candidate.

A candidate for appointment or election as a non-executive director should provide the Board with:

- (a) information and consent for the Company to conduct any background or other checks the Company would ordinarily conduct;
- (b) details of their other commitments and an indication of the time involved; and
- (c) an acknowledgement that they will have sufficient time to fulfil their responsibilities as a director.



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### 3. Independent Directors

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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.

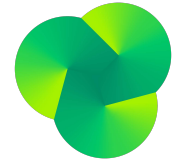
The Board must identify in all corporate governance statements in annual reports or otherwise, which Directors are independent and the grounds for this belief.

If a director has an interest position, association or relationship of the type described below but the Board is of the opinion that it does not compromise the independence of the director the Board must give an explanation as to why the Board is of that opinion.

The Board must regularly assess and disclose the criteria to determine an independent Director, in determining the independent status of a Director the Board should consider without limitation, if a director:

- (a) is, or has been, employed in an executive capacity by the Company or any of its child entities and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- (b) is, or has within the last three years been, a partner, director or senior employee of a provider of material professional services to the Company or any of its child entities;
- (c) is, or has been within the last three years, in a material business relationship (e.g. as a supplier or customer) with the Company or any of its child entities, or an officer of, or otherwise associated with, someone with such a relationship;
- (d) is a substantial shareholder of the Company or an officer of, or otherwise associated with, a substantial shareholder of the Company;
- (e) has a material contractual relationship with the Company or its child entities other than as a director;
- (f) has close family ties with any person who falls within any of the categories described above; or
- (g) has been a Director for such a period that their independence may have been compromised.

In each of the above cases, the materiality of the interest, position, association or relationship needs to be assessed to determine whether it might interfere, or might reasonably be seen to interfere, with the Director's capacity to bring an independent



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judgement on issues before the Board and to act in the best interests of the Company and the shareholders.

If the Board determines that a Director's status as an independent director has changed, that determination should be disclosed and explained in a timely manner to the market.

### **4. Remuneration**

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Directors should be remunerated in accordance with the Company's constitution. Full details of Director remuneration will be included in director and annual reports. No individual director or senior executive should be involved in deciding their own remuneration.

Non-executive directors receive an annual fixed remuneration which has been determined by reference to amounts paid to non-executive directors with similar market capitalisations. The remuneration is not performance based.

### **5. Evaluation**

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Annually the Board must evaluate and review the performance of individual Directors. In evaluating whether individual Directors are carrying out their duties, the Board must look at the director's obligations as set out in Company policies and protocols and the requirements of the law.

### **6. Policy Review**

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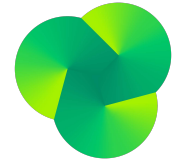
This Policy is subject to annual review by the Board.

#### **Document history:**

Adopted: 15 June 2015

Amended: 28 July 2017

Amended: 24 July 2020



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### Annexure A

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The board skills matrix consists of the following parts:

- (a) industry knowledge;
- (b) good communication skills;
- (c) financial/audit acumen;
- (d) legal/compliance/risk management acumen;
- (e) OH&S/labour force management
- (f) ability to think strategically and work harmoniously with fellow directors and management.

A rating of 1 – 3 will be given for each of the above, with 1 indicating little or no experience and 3 indicating considerable capability/expertise.