

## CORPORATE GOVERNANCE STATEMENT

### Reporting period: Financial year ended 31 December 2019

Telix Pharmaceuticals Limited (“Telix” or “the Company”) is an entity incorporated and domiciled in Australia. Telix is listed on the Australian Securities Exchange with the code TLX (ASX:TLX). Telix operates globally in a number of jurisdictions through wholly-owned subsidiaries. Subsidiaries of Telix have been established or acquired in order to optimally manage the Company’s extensive intellectual property portfolio and to facilitate clinical, operational and commercial activities in the key territories in which the Company does business.

As at the date of this Corporate Governance Statement, the Board of Telix Pharmaceuticals Limited consists of six directors. Three directors are considered by the Board to be independent, and three directors are considered by the Board as non-independent:

H Kevin McCann AO	Independent, Non-Executive Chairman
Christian Behrenbruch PhD	Managing Director and Chief Executive Officer
Andreas Kluge MD PhD	Executive Director
Oliver Buck	Non-Independent, Non-Executive Director
Mark Nelson PhD	Independent, Non-Executive Director
Jann Skinner	Independent, Non-Executive Director

The Board uses the guidance provided by the ASX Corporate Governance Council as a focus for the development and continuous improvement of the Group’s governance framework, policies and practices.

The Appendix 4G accompanying this Corporate Governance Statement details Telix’s adherence to the ASX Corporate Governance Principles and Recommendations (3<sup>rd</sup> Edition), covering the reporting period of the financial year ended 31 December 2019. Reference to ASX Corporate Governance Principles and Recommendations (4<sup>th</sup> Edition), effective 1 January 2020, are included in this Corporate Governance Statement where they have been early-adopted by the Board.

## Principle 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

**Telix has delineated the respective roles and responsibilities of its Board and management and regularly reviews the performance of both.**

### 1.1 Board roles and responsibilities, matters expressly reserved to the Board and those delegated to management

The Board is responsible under its Charter for demonstrating leadership, defining the entity’s purpose and setting its strategic objectives; developing and reviewing the Company’s values and corporate governance policies and monitoring corporate culture; appointing the chair; appointing and replacing the CEO; approving the appointment and replacement of other senior executives and the company secretary; overseeing management in its implementation of the entity’s strategic objectives; instilling the entity’s values and performance generally; approving operating budgets and major capital expenditure; overseeing the integrity of the entity’s accounting and corporate reporting systems, including the external audit; overseeing the entity’s process for making timely and balanced disclosure of all material information concerning the entity that a reasonable person would expect to have a material effect on the price or value of the entity’s securities; satisfying itself that the entity has in place an appropriate risk management framework (for both financial and nonfinancial risks) and setting the risk appetite within which the board expects management to operate; satisfying itself that an appropriate framework exists for relevant information to be reported by management to the board; whenever required, challenging management and holding it to account; satisfying itself that the entity’s remuneration policies are aligned with the entity’s purpose, values, strategic objectives and risk appetite; and monitoring the effectiveness of the entity’s governance practices.

The Board has a charter which clearly sets out its roles and responsibilities and describes those matters expressly reserved for the Board’s determination and those matters delegated to management. The Board charter sets out the role and responsibilities of the chair.

The Board has delegated the implementation of strategy and policy initiatives, including day-to-day management of the Company’s affairs, to the Managing Director and Chief Executive Officer, who is supported in this function by the Company’s senior executive team. The senior executive team is responsible for providing the Board with accurate, timely and clear information on the entity’s operations - including financial performance, compliance with material legal and regulatory requirements and any conduct that is materially inconsistent with the values or code of conduct of Telix - to enable the board to perform its responsibilities. A detailed authorisations policy sets out the decision-making powers which may be exercised at various levels of management.

In addition, the Board has delegated specific authority to two Board committees – an audit and risk management committee, and a nomination and remuneration committee – both of which assist the Board in discharging its responsibilities. A description of each committee, its responsibilities and membership is detailed in each Committee's Charter, available at [the Corporate Governance section of the Company's website](#).

### **1.2 Undertaking appropriate checks and providing information on prospective directors or senior executives**

Before a person is appointed as a director or senior executive or put forward to shareholders as a candidate for re-election as a director, the Company undertakes appropriate checks in respect of that person, which include checks as to the person's character, experience and education. Telix provides its shareholders with all material information (that is in its possession) relevant to a decision on whether or not to elect or re-elect a director (including any material adverse information revealed by the above or any other checks).

### **1.3 Written agreements with directors and senior executives**

Telix has entered into written agreements with each director and senior executive setting out the terms of appointment, including respective roles and responsibilities. Agreements with directors include the requirement to disclose interests and any matters which may affect the director's independence. Agreements also specify the requirement to comply with key corporate policies, including the code of conduct, continuous disclosure and securities trading policies.

### **1.4 Company Secretary is accountable directly to the Board**

The company secretary is responsible for advising the Board and its committees on governance matters, and for ensuring that Board and committee procedures are complied with. The company secretary is accountable directly to the Board, through the chair, on all matters to do with governance and the proper functioning of the Board. All directors have access to the company secretary for advice and services. The Board approves the appointment and removal of the company secretary.

### **1.5 Diversity**

The Board recognises that diversity is an important factor in improving and sustaining a workforce that is capable of achieving the strategic and business goals of Telix, and that diversity is increasingly seen as an asset to listed entities and a contributor to better overall performance. The Board is committed to identifying and attracting employees and management with diverse backgrounds and experience, and its overriding principle is to treat people equally and with respect. The Company is committed to employee advancement based on skills and experience regardless of gender, race, ethnicity, religion, orientation or disability. The Board considers the diversity profile of the Company to date to be a favourable endorsement of the Company's commitment to diversity.

Telix has a diversity policy which outlines the Company's commitment to diversity in the workplace and the provision of a work environment that is free from discrimination and promotes equal opportunity for all. The policy includes the requirement for the Board to set measurable objectives for achieving gender diversity.

There was no change to Board composition in the financial year under review, and the ratio of females to males on the Board (6 people) remained 17:83. The ratio of females to males in the senior executive team, that is executive team members that report directly to the CEO (9 people) was 33:67. The ratio of females to males across the Group (57 people) was 45:55. The Board targets that female representation in the senior executive team and director appointments be in the range of 40% - 50% by 2023.

In addition to the Company's group-wide training and development program that focuses on developing leadership attributes at senior and mid-management levels, as part of the Company's culture-based objectives for 2020, a 'high-performers' program is in place whereby five high performers will be identified and a career-specific development program will be implemented. In recognition of the Board's gender diversity targets and as a means to build the pipeline of female candidates potentially available for higher management roles, at least three of the five members of this high-performers group in 2020 will be female.

The Company's commitment to diversity continues to be demonstrated by the directors and senior executive team through modelling the code of conduct in all aspects of the business, by ensuring managers tasked with recruiting or advancement understand the reasoning and spirit of the diversity policy, through training and development, by ensuring that the Group's recruitment process encourages selection from a diverse pool of candidates, and through the continued flexible approach to work conditions.

### **1.6 Evaluation of the performance of the Board**

The Board performs a pivotal role in the governance framework of a listed entity. The Board of Telix seeks to promote transparency and accountability and recognises that evaluation of performance is a key element of these

goals. The Board undertook a review of its performance in the year to 31 December 2019. The Board will consider periodically using external facilitators to conduct performance reviews.

### 1.7 Evaluation of the performance of senior executives

The Board recognises that the performance of a listed entity's senior executives will usually drive the performance of the entity. Telix has an annual performance and development review process in place for all personnel, including senior executives. On an annual basis, corporate objectives and individual key performance indicators (KPIs) are set. The CEO reviews the performance of senior executives and their delivery of corporate and individual objectives.

## Principle 2: STRUCTURE THE BOARD TO BE EFFECTIVE AND ADD VALUE

**Telix has a Board of an appropriate size that collectively has the skills, commitment and knowledge of the entity and the industry in which it operates, to enable it to discharge its duties effectively and to add value.**

### 2.1 Nomination and Remuneration Committee

The Board has established a Nomination and Remuneration committee to assist the Board in fulfilling its duties and responsibilities by reviewing, advising and making recommendations to the Board on issues of nomination and remuneration. The Committee will consider items including board renewal, the succession of directors, the CEO and senior executives, board induction, and the balance of skills, knowledge, experience, independence and diversity on the Board.

The committee has four members: three independent, non-executive directors: Mr Kevin McCann (Chair), Dr Mark Nelson and Ms Jann Skinner; and one non-independent non-executive director, Mr Oliver Buck. The committee charter is available at [the Corporate Governance section of the Company's website](#).

In the year ended 31 December 2019 the Committee met on two occasions. The meetings were attended by all committee members eligible to participate.

### 2.2 Board skills matrix

The Board considers that its membership comprises directors with an appropriate mix of skills, experience and personal attributes that allow the directors individually and the Board collectively to discharge their responsibilities and duties under the law effectively and efficiently. Directors understand the Telix business and the environment in which Telix operates so as to be able to both question management on proposed objectives, goals and strategic direction which will maximise shareholder value, and then to assess the performance of management in meeting those objectives and goals.

The current directors collectively bring to the Board a broad range of experience, expertise, skills, diversity and contacts relevant to Telix and its business. The biographies of all directors can be found in the Annual Report for the year ended 31 December 2019.

The Board skills matrix set out below describes the combined skills, experience and expertise presently represented on the Board. The Board strives to achieve diversity in its composition, and gender diversity continues to be a focus and goal.

#### Skills, experience and expertise

– ASX listed company experience	– Audit and assurance
– Biotechnology and pharmaceutical sector	– Commercial partnering, M&A
– Law and governance	– Global regulatory experience
– Financial acumen	– Scientific and medical research expertise
– Radiopharmaceuticals industry commercial experience	– Capital markets

### 2.3 Independence and length of service of Directors

Director	Length of service
H Kevin McCann, AO BA LLB (Hons) LLM (Harvard) Life Fellow AICD	<i>Appointed Non-Executive Director and Chairman, 17 September 2017</i>
Christian Behrenbruch, B.Eng (Hons) D.Phil (Oxon) MBA (TRIUM) JD (Melb) FIEAust GAICD	<i>Appointed Executive Director, 3 January 2017</i>
Andreas Kluge, MD PhD	<i>Appointed Executive Director, 3 January 2017</i>
Oliver Buck, Dipl. Phys. (Theoretical Biophysics, Technical University of Munich)	<i>Appointed Non-Executive Director, 16 January 2017</i>
Mark Nelson, B.Sc (Hons) (Melb), M.Phil (Cantab) Ph.D (Melb)	<i>Appointed Non-Executive Director, 17 September 2017</i>
Jann Skinner B Com FCA FAICD	<i>Appointed Non-Executive Director, 19 June 2018</i>

The Board has referred to the Board Charter and the guidance provided by the ASX Corporate Governance Council and has considered the independence of each director in this context. At the date of this Corporate Governance Statement it is the Board's opinion that:

- that Mssrs McCann and Nelson and Ms Skinner are considered Independent Directors;
- that due to their executive roles, Drs Behrenbruch and Kluge are not considered Independent Directors; and,
- that, in the context that Mr Buck is a member of the Supervisory Board Isotopen Technologien München (ITM) AG, a leading supplier of diagnostic and therapeutic isotopes for nuclear medicine with which Telix has a global supply agreement, Mr Buck is not considered an Independent Director.

### 2.4 Independence of the Board

The Board has referred to the guidance provided by the ASX Corporate Governance Council and acknowledges the recommendation that a majority of the board of a listed entity should be independent directors. As at the date of this statement, the Board consists of four non-executive directors, three of whom are independent directors; and two executive directors, both of whom are non-independent directors. Of the six directors on the Board, the three non-independent directors bring skills to the Board that are specific to the radiopharmaceuticals industry and considered by the Board to be essential for success in the Company's objectives. The three independent directors are experienced directors of ASX-listed companies. In these circumstances the Board considers that the balance of directors is appropriate in the circumstances of the Company at this time and given the existing size of the Board.

The directors of Telix are required to keep the Board advised of any interest that may be in conflict with those of the Group, and restrictions are applied to directors' rights to participate in discussion and to vote when a conflict has been identified. In particular, where a potential conflict of interest may exist, directors concerned may be required to leave the Board meeting while the matter is considered in their absence.

The Board continues to keep the balance of diversity, skills and experience of its members, as well as their independence, under review.

## 2.5 Independence of the Chair

H Kevin McCann was appointed as an independent, non-executive chairman on 17 September 2017.

The Board of Telix acknowledges that the chair of the board of a listed entity should be an independent director and should not be the same person as the CEO. The Board recognises that having an independent chair can contribute to a culture of openness and constructive challenge that allows for a diversity of views to be considered by the Board. The Board further recognises that good governance demands that an appropriate separation exist between those charged with managing a listed entity and those responsible for overseeing its managers.

## 2.6 Program for induction and training of directors

It is the policy of the Board that, both before accepting appointment and continuously thereafter, directors are provided with information about the Company and its operations appropriate for them to discharge their responsibilities. To help directors maintain their understanding of the business, directors have access to the members of the management team and also to employees at all levels. Directors are given access to continuing education in relation to the Telix business and industry, and other information required by them to discharge their responsibilities. With approval from the chair, which will not be unreasonably withheld or delayed, each director may seek independent legal or other professional advice at the Company's expense.

## Principle 3 – INSTIL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY

**Telix instils and continually reinforces a culture across the organisation of acting lawfully, ethically and responsibly.**

### 3.1 Values

Telix's values are the guiding principles that define the type of organisation Telix aspires to be and what it requires from its directors, senior executives and employees to achieve that aspiration. Values create a link between the Company's purpose and its strategic goals by expressing the standards and behaviours it expects from directors, senior executives and employees in order to fulfil its purpose and meet its goals.

Telix was created to deliver on the promise of nuclear medicine. Its vision, mission and values are published on the Company's website at [www.telixpharma.com](http://www.telixpharma.com).

### 3.2 Code of conduct

The underlying principles of the Telix code of conduct is that Telix has a commitment not only to complying with its legal obligations but also to acting ethically and responsibly, and that ethical behaviour is required of directors, senior executives and employees of the Group, as well as of advisors and consultants to the Group.

The code of conduct states the Group's expectation that all directors, senior executives and employees will act in the best interests of the entity; will act honestly and with high standards of personal integrity; will comply with the laws and regulations that apply to the entity and its operations; will not knowingly participate in any illegal or unethical activity; will not enter into any arrangement or participate in any activity that would conflict with the entity's best interests or that would be likely to negatively affect the entity's reputation; will not take advantage of the property or information of the entity or its customers for personal gain or to cause detriment to the entity or its customers; and will not take advantage of their position or the opportunities arising therefrom for personal gain.

The code of conduct includes reporting channels for suspected breaches of the code and connects to the whistle blower protection policy.

The Board has adopted specific policies in key areas, including diversity, continuous disclosure and dealing with price sensitive information, and dealing in the securities of Telix, and these policies interact with the code of conduct.

The Board's code of conduct is available at [the Corporate Governance section of the Company's website](#).

### Ethical conduct of research

As a drug development Group, Telix is involved in testing potential new medicines on both animals and humans. This testing is an essential requirement of international medicine development and regulatory approval processes. All studies undertaken involving animals or humans are developed in association with medical, scientific and regulatory advisors, and with reference to national and international ethical and scientific codes, including Australia's National Health and Medical Research Council (NHMRC) and the International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use (ICH). Studies are only

commenced after ethics approval has been received from the institution or clinical site at which studies are to be carried out.

### 3.3 Whistleblower Policy

Part 4 of the Company's Code of Conduct sets out the Company's policy (in effect to 31 December 2019) with respect to the protection of whistleblowers and the investigation of disclosures. The Board's Whistleblower Policy effective 1 January 2020 identifies the types of concerns that may be reported under the policy and how and to whom reports may be made (including to senior executives and the board). The Policy details how the confidentiality of the whistleblower's identity is safeguarded and that the whistleblower is protected from retaliation or victimisation. The policy will be periodically reviewed to check that it is operating effectively and whether any changes are required to the policy.

## Principle 4 – SAFEGUARD INTEGRITY OF CORPORATE REPORTS

**Telix has an appropriate process to verify the integrity of its corporate reports.**

### 4.1 Audit and Risk Management Committee

The Board has an Audit and Risk Management Committee to provide an efficient and effective mechanism to bring the transparency, focus and independent judgement needed to oversee the corporate reporting process.

As relates to corporate reports, the role of the Audit and Risk Management Committee is to review and make recommendations to the Board on the adequacy of the entity's corporate reporting processes and internal control framework; whether the entity's financial statements reflect the understanding of the committee members of, and otherwise provide a true and fair view of, the financial position and performance of the entity; the appropriateness of the accounting judgements or choices exercised by management in preparing the entity's financial statements; the appointment or removal of the external auditor; the fees payable to the auditor for audit and non-audit work; the rotation of the audit engagement partner; the scope and adequacy of the external audit; the independence and performance of the external auditor; any proposal for the external auditor to provide non-audit services and whether it might compromise the independence of the external auditor.

The committee has four members: three independent, non-executive directors: Ms Jann Skinner (Chair), Dr Mark Nelson and Mr Kevin McCann; and one non-independent non-executive director, Mr Oliver Buck. The committee charter is available at [the Corporate Governance section of the Company's website](#).

In the year ended 31 December 2019 the committee met on four occasions. The meeting was attended by all committee members eligible to participate.

### 4.2 CEO and CFO declarations

Before it approves the Company's financial statements for a financial period, the Board receives from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

### 4.3 Role of the external auditor

The Company's external auditor is PricewaterhouseCoopers (PwC). PwC provided an independence declaration to the Board for the financial year ended 31 December 2019. This is available following the Directors' Report in the Annual Report for the year ended 31 December 2019. The lead audit partner of PwC shall attend the Company's Annual General Meeting and is available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

## Principle 5 – MAKE TIMELY AND BALANCED DISCLOSURE

**Telix promotes timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.**

### 5.1 Continuous disclosure

The Board of Telix believes that all stakeholders should be informed of all major events and risks that influence the Company, including its financial position, performance, ownership and governance, in a factual and timely manner. The Company's practice of providing relevant and timely information is supported by its Continuous Disclosure Policy which details comprehensive processes to ensure compliance with the Corporations Act 2001 (*Cth*) and ASX Listing Rules.

Specifically, the Company's Continuous Disclosure Policy outlines the procedure for identifying information that is or may be price sensitive information, and for reporting that information to the Chair/ CEO/ Company Secretary for review. It also details the roles and responsibilities of directors, officers and employees in complying with the entity's disclosure obligations; safeguarding confidentiality of corporate information to avoid premature disclosure; media contact and comment; external communications such as analyst briefings and responses to security holder questions; and measures for responding to or avoiding the emergence of a false market in the Company's securities. In designing its disclosure policy, Telix has taken guidance from ASX Listing Rules Guidance Note 8 and the 10 principles set out in ASIC Regulatory Guide 62.

The Board has appointed the Disclosure Committee to assist it to discharge its responsibility for compliance with the Company's continuous disclosure obligations, including the preparation of Company announcements in a timely manner that are not misleading, do not omit Price Sensitive Information and are presented in a clear, balanced and objective way. The Disclosure Committee is constituted by the Chair of the Board, CEO and the Company Secretary (or their delegates). Where an announcement is to be considered and approved by the Board, the Company Secretary or Disclosure Committee must ensure that the Board is provided with all relevant information necessary to ensure that it is able to fully appreciate the matters dealt with in the announcement.

Under the Continuous Disclosure Policy, all price-sensitive material for public announcement will be lodged with ASX and subsequently posted on the Company's website. The Company Secretary is responsible for communications with the ASX.

Continuous disclosure is a standing item on Board Meeting Agendas.

## **5.2 Board to receive all material market announcements promptly after they have been made**

The Board of Telix receives all material market announcements promptly after they have been made. This is to ensure that the board has timely visibility of the nature and quality of the information being disclosed to the market and the frequency of such disclosures.

## **5.3 Market to receive investor or analyst presentations**

Telix is committed to ensuring equality of information among investors. When Telix gives a new and substantive investor or analyst presentation, Telix will release a copy of the presentation materials to ASX ahead of the presentation.

## **Principle 6 - RESPECT THE RIGHTS OF SECURITY HOLDERS**

**Telix respects the rights of security holders and facilitates the effective exercise of those rights.**

### **6.1 Information made available on the Company's website**

The Board is committed to communicating effectively and transparently with shareholders about the Group's performance and results. In addition to its formal disclosure obligations under ASX Listing Rules and the Corporations Act 2001 (*Cth*), the Company utilises current technologies to facilitate open and continual communications with security holders and the market in general.

The Company's website address is [www.telixpharma.com](http://www.telixpharma.com). Investors and interested parties can access an overview of Telix's business and history; key information about Telix's assets and core programs, the names, photographs and brief biographical information for each of its directors and key management personnel; its board charter and the charters of each of its board committees; copies of its annual reports and financial statements; copies of its announcements to ASX; copies of notices of meetings of security holders and any accompanying documents; as well as company contact details.

### **6.2 Investor relations program**

To ensure that security holders and other stakeholders have a full understanding of the Company's performance and strategies, and to help ensure effective two-way communication with investors, Telix has designed and implemented an investor and public relations program which includes company-to-investor e-communications, investor presentations and roadshows, analyst briefings, and targeted conference presentations and speaking events.

These updates provide an opportunity for investors and analysts to speak directly with, and ask questions of, the CEO. Telix keeps summary records for internal use of issues discussed at group and one-on-one briefings for investors and analysts.

### **6.3 Facilitate shareholder participation at general meetings**

General meetings are an important forum for two-way communication between the Company and its shareholders. Shareholders can elect to receive emails with the latest investor announcements, investor

presentations and webcasts, annual reports, as well as general meeting information, including notices of meeting and explanatory memorandums.

Telix provides an electronic voting facility which enables all security holders to vote ahead of the meeting, without having to attend or appoint a proxy.

Telix affords all shareholders the opportunity to exercise their right to ask questions about, or make comments on, the management of the Company, including those shareholders who are unable to attend a meeting in person, in which case questions can be lodged in advance of the meeting to be responded to at the meeting.

#### **6.4 Substantive resolutions to be determined by Poll**

The Company supports the principle of “one security one vote” as enshrined in the listing rules. The Company is committed to ensuring that substantive resolutions put to shareholders are determined by Poll.

#### **6.5 Electronic communications**

Telix provides security holders the option to electronically receive communications from, and send communications to, the Company and its share registry, Link Market Services. Telix encourages security holders to utilise electronic communications with the Company to facilitate speed, convenience and environmental friendliness of communications.

### **Principle 7 - RECOGNISE AND MANAGE RISK**

**Telix is committed to establishing a sound risk management framework and to ensuring that framework is periodically reviewed for effectiveness.**

#### **7.1 Risk committee**

The Board recognises that managing risk is a crucial part of the role of the Board and management, and that good risk management practices can not only help to protect established value, they can assist in identifying and capitalising on opportunities to create value. It is the role of management to design and implement a risk management framework and to ensure that the Group operates within the risk appetite set by the Board. It is the role of the Board to set the risk appetite for the entity, to oversee its risk management framework and to satisfy itself that the framework is sound.

The Board has established an Audit and Risk Management Committee that has four members: three independent, non-executive directors: Ms Jann Skinner (Chair), Dr Mark Nelson and Mr Kevin McCann; and one non-independent non-executive director, Mr Oliver Buck.

As relates specifically to risk, the role of the committee is to review and make recommendations to the Board in relation to the adequacy of the entity’s processes for managing risk; any incident involving fraud or other break down of the entity’s internal controls; and the entity’s insurance program, having regard to the entity’s business and the insurable risks associated with its business.

#### **7.2 Risk management framework**

Telix’s risk management framework identifies key risks to the Telix Group’s strategic goals – which include funding, clinical trial, supply, partnering, regulatory, delay and competition risk - and outlines ways to mitigate, transfer or avoid these risks where applicable.

The Board has mechanisms in place to ensure that management’s objectives and activities are aligned with identified risks. These include Board review of business strategy, the implementation of Board-approved operating plans and budgets, and Board monitoring of progress against these plans and budgets.

Review of risks facing the business is an active and continual process.

#### **7.3 Internal audit**

At this time Telix does not have a formal internal audit function. The Audit and Risk Management Committee considered the area of internal audit during the year ended 31 December 2019 and agreed that current systems in place, including the internal review and reporting processes and procedures embedded in the Company’s Quality Management System, were sufficient at this time. The Committee will review on a regular basis the existence and effectiveness of its governance, risk management and internal control processes.

#### **7.4 Material exposure to economic, environmental or social sustainability risk**

Economic risk: In common with other companies in the biotechnology sector, Telix’s operations are subject to risks and uncertainty due primarily to the nature of the drug development and commercialisation. In particular, in

order for Telix to execute its near term and longer-term plans, the Board may be required to raise capital sufficient enough to meet operational and program development needs.

Telix Pharmaceuticals does not have any material exposure to environmental or social sustainability risks.

## Principle 8 - REMUNERATE FAIRLY AND RESPONSIBLY

**Telix seeks to ensure that the level and composition of remuneration is sufficient and reasonable to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders, and that its relationship to performance is clear.**

### 8.1 Remuneration Committee

The Board has established a Nomination and Remuneration Committee to provide an efficient and effective mechanism to bring the transparency, focus and independent judgement needed on remuneration decisions, and to assist the Board in fulfilling its duties and responsibilities by reviewing, advising and making recommendations to the Board on issues of nomination and remuneration.

In respect of remuneration, the committee advises on: the Group's remuneration framework for directors, including the process by which any pool of directors' fees approved by security holders is allocated to directors; the remuneration packages to be awarded to key management personnel; and equity-based remuneration plans for directors, key management personnel and other employees.

The committee has four members: two independent, non-executive directors: Mr Kevin McCann (Chair), Dr Mark Nelson and Ms Jann Skinner; and one non-independent non-executive director, Mr Oliver Buck.

In the year ended 31 December 2019, the committee met on two occasions. The meetings were attended by all committee members eligible to participate.

### 8.2 Disclosure of policies and practices regarding remuneration

The Remuneration Report (audited) details the Group's policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and key management personnel, and its relationship to performance. These policies can be found in the Remuneration Report for the year ended 31 December 2019.

The remuneration report clearly distinguishes the structure of non-executive directors' remuneration from that of executive directors and other key management personnel. Shareholders are invited to vote on the adoption of the remuneration report at the Company's Annual General Meeting of Shareholders.

### 8.3 Equity-based remuneration: no hedging or otherwise limiting economic risk

The objectives of the Company's Equity Incentive Plan (EIP) are to incentivise key management personnel and employees in a manner that rewards continued commitment and loyalty to the Company while aligning remuneration with the creation of shareholder wealth.

The Company does not condone short term or speculative trading in its securities by directors and employees, and the Company's [Securities Trading Policy](#) specifies that, except with written clearance as defined in the policy, directors and/or key management personnel must not engage in hedging arrangements, deal in derivatives or enter into other arrangements which limit the economic risk in connection with the securities of Telix.

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## Key documents relevant to this Corporate Governance Statement

Telix Pharmaceuticals Limited Board Charter and Relationship with Management:

<http://www.telixpharma.com/wp-content/uploads/2017/05/Board-charter-and-relationship-with-management.pdf>

Telix Pharmaceuticals Limited Securities Dealing Policy: <http://www.telixpharma.com/wp-content/uploads/2017/05/Securities-Dealing-Policy.pdf>

Telix Pharmaceuticals Limited Annual Report for the year ended 31 December 2019:

<http://www.telixpharma.com/investors/asx-announcements/>

ASX Corporate Governance Principles and Recommendations (4<sup>th</sup> Edition):

<https://www.asx.com.au/documents/regulation/cgc-principles-and-recommendations-fourth-edn.pdf>