

ASX GROUP BOARD POLICY AND GUIDELINE TO RELATIONSHIPS AFFECTING INDEPENDENT STATUS

Policy

The ASX Board has adopted a policy that a majority of its directors must be independent. The CS Boards have also adopted a policy that a majority of their respective non-executive directors must be independent. In determining independence, the ASX Board and the CS Boards (as applicable) should consider whether the director is free of any interest, position, affiliation or relationship that might materially influence - or could reasonably be perceived to materially influence - the independent exercise of the director's judgement and their capacity to act in the best interests of the ASX Group company that they are director of as a whole, rather than in the interests of an individual security holder or other party.

Assessment of independence

The ASX Board and CS Boards assess the independence of their directors:

- prior to their appointment;
- by way of an annual formal assessment; and
- at such other times that they determine as being necessary having regard to disclosures made by directors of any new interests, positions, affiliations or other relationships.

Examples of interests, positions, affiliations or other relationships that may raise issues about the independence of a director and are to be considered as part of any assessment of independence include if the director:

- is, or has been, employed in an executive capacity by ASX Limited or any of its related entities and there has not been a period of at least three years between ceasing such employment and serving on the board;
- receives performance based remuneration (including options or performance rights) or participates in an employee incentive scheme;
- is, or has been within the last three years, in a material business relationship (e.g. as a supplier, professional adviser, consultant or customer) to ASX Limited or any of its related entities or is an officer of, or otherwise associated with, someone with such a relationship;
- is, represents, or is otherwise affiliated with a substantial shareholder of ASX Limited;
- has close personal ties with any person who falls within any of the categories described above; or
- has been a director of the entity for such a period that their independence from Management and substantial holders may have been compromised.

Materiality threshold

The ASX Board and CS Boards employ a materiality threshold in judging whether customer, supplier, consultant or professional adviser relationships affect the independence of ASX or CS directors.

A relationship is presumed immaterial when it generates less than 5% of group revenue, and presumed material when it generates more than 10% of group revenue during a 12-month period in the absence of evidence or convincing argument to the contrary. In considering such evidence or argument the Board takes

into account the strategic value and other material but non-quantitative aspects of the relationship in question.

The threshold for the purpose of assessing the materiality of relationships between a non-executive director and ASX Limited or the CS subsidiaries (other than as a director) is set according to the significance of that relationship to the director in the context of their activities as a whole.

Directors' interests

The ASX Board and CS Boards monitor the independence of non-executive directors by tabling the current interests of directors at each Board meeting. Where it is considered that a director has a material potential conflict, it is noted and where appropriate, the relevant director absents him or herself for that specific item of business. That decision is minuted.

Disclosure

The ASX Board will disclose to shareholders:

- its assessment of the independence of each ASX Director in its Annual Report; and
- its assessment of the independence of any ASX Director standing for election or re-election in the relevant Notice of Meeting.

Tenure

The mere fact that a director has served on the ASX Board or CS Boards for a substantial period of time does not mean of itself that he or she has become too close to management and substantial holders to be considered independent. However, as part of its annual assessment of independence, one of the factors that the ASX Board and CS Boards will consider is the tenure of each director having regard to the ASX Group Non-Executive Director Tenure Guidelines.

For any director who has served as a director of ASX for more than the normal maximum term referred to in the tenure guidelines, the ASX Board or the CS Boards (as applicable) will as part of its annual assessment of independence, determine whether the director has been a director for such a period that his or her independence has been lost, through:

- a periodic review of the director's interests in line with existing ASX policy; and
- a Board discussion about the director's independence without the director present.

Review

This policy is reviewed every two years by the ASX Board and CS Boards.