

Calix Limited – Corporate governance statement

This corporate governance statement has been prepared in accordance with Corporate Governance Principals and Recommendations (3rd Edition), ASX Corporate Governance Council and was current as at 27 August 2018, the date as of its approval by the Board of Directors of Calix Limited. All policy and charter documents have been reviewed and approved during the period. The Company's ASX Appendix 4G has been lodged with the ASX and is also on the Company's website.

ASX Principle and Recommendation	Compliance	Explanation
Principle 1: Lay solid foundations for management and oversight		
Recommendation 1.1 A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	Yes	Calix has adopted a Board Charter which discloses the roles and responsibilities of the Board and Senior Management. Under the Board Charter, the Board is responsible for the overall operation and stewardship of Calix, including the strategies and financial objectives for Calix, monitoring progress against these objectives, and monitoring compliance with regulatory requirements and ethical standards. The Board Charter is available on Calix's website.
Recommendation 1.2 A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information relevant to a decision on whether or not to elect or re-elect a director.	Yes	As part of the process of admission to the Official List of the ASX, each Director was required to submit to the ASX 'good fame and character' assessment. Consequently, Calix does not propose to conduct specific checks prior to nominating an existing Director for re-election by Shareholders. However, Calix will continue to include in its notices of meeting a brief biography and other material information in relation to each Director who stands for re-election. The biography will set out (amongst other things) the relevant qualifications and professional experience of the nominated Director for consideration by Shareholders. Calix will conduct background checks of candidates for new Director positions prior to their appointment or nomination for election by Shareholders, including checks as to good character, experience, education, qualifications, criminal history and bankruptcy.
Recommendation 1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Yes	Calix engages or employs its Directors and other senior executives under written agreements setting out the key terms governing their engagement or employment.
Recommendation 1.4 The Company Secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	Yes	Calix's Company Secretary reports directly, and is accountable, to the Board through the Chair in relation to all governance matters. Calix Secretary advises and supports the Board members on general governance matters, implements adopted governance procedures, and coordinates circulation of meeting agendas and papers.

ASX Principle and Recommendation	Compliance	Explanation
<p>Recommendation 1.5 A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act</p>	<p>Yes</p>	<p>Calix has adopted a diversity policy which outlines the requirements of the Remuneration and Nomination Committee to set diversity objectives and measure Calix's progress against those objectives. Progress against the objectives will be disclosed annually. A copy of Calix's diversity policy is available on Calix's website.</p>
<p>Recommendation 1.6 A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process</p>	<p>Yes</p>	<p>Calix has adopted in its Board Charter a process for evaluation of the Board, its committees and individual Directors. This process is conducted by the Board and may involve external input as deemed appropriate. Calix will disclose if a performance evaluation has been conducted.</p>

ASX Principle and Recommendation	Compliance	Explanation
<p>Recommendation 1.7 A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>Yes</p>	<p>Calix has a Remuneration and Nomination Committee which undertakes performance evaluation of the senior executives on at least an annual basis. Calix will disclose if a performance evaluation has been conducted.</p>
<p>Principle 2: Structure the Board to add value</p>		
<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p>Yes</p> <p>No</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p>	<p>Calix has a Remuneration and Nomination Committee which undertakes succession planning to ensure the Board has an appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively on at least an annual basis.</p> <p>The current Remuneration and Nomination Committee is comprised of two independent Directors being Peter Turnbull (Chair) and Jack Hamilton.</p> <p>The Board considers that, given the current size and scope of Calix’s operations, efficiencies or other benefits would not be gained by establishing a committee with 3 members.</p>

ASX Principle and Recommendation	Compliance	Explanation
<p>Recommendation 2.2 A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	Yes	Calix has and will disclose in each annual report a skills matrix in relation to the current Board as well as the skills Calix is looking to achieve in its Board.
<p>Recommendation 2.3 A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 of the recommendations but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.</p>	Yes	<p>Peter Turnbull, Jack Hamilton and Lance O’Neill are considered to be independent Directors. Details of the Directors’ interests, positions, associations and relationships are provided in Section Error! Reference source not found.</p> <p>The length of service and independency (or otherwise) of each Director will be provided in each annual report and is as follows:</p> <ul style="list-style-type: none"> • Peter Turnbull – since 12 February 2009; • Jack Hamilton – since 1 November 2012; • Lance O’Neill – since 10 February 2014; • Phil Hodgson – since 10 February 2014; and • Mark Sceats – since 10 February 2014.
<p>Recommendation 2.4 A majority of the board of a listed entity should be independent directors</p>	Yes	The Board is comprised of 3 independent Directors who satisfy the criteria for independence for the purposes of the ASX, and 2 non-independent Directors.
<p>Recommendation 2.5 The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity</p>	Yes	The Chair of the Board, Peter Turnbull, satisfies the criteria for independence for the purposes of ASX and is not the CEO of Calix.
Principle 3: Act ethically and responsibly		
<p>Recommendation 3.1 A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.</p>	Yes	<p>Calix has established a Code of Conduct which sets out the standards with which the Directors, officers, managers, employees and consultants of Calix are expected to comply in relation to the affairs of Calix’s business and when dealing with each other, Shareholders and the broader community.</p> <p>The Code also outlines the procedure for reporting any breaches of the Code and the possible disciplinary action Calix may take in respect of any breaches.</p> <p>In addition to their obligations under the Corporations Act in relation to inside information, all Directors, employees and consultants have a duty of confidentiality to Calix in relation to confidential information they possess.</p>

ASX Principle and Recommendation	Compliance	Explanation
		<p>In fulfilling their duties, each Director dealing with corporate governance matters may obtain independent professional advice at Calix's expense, subject to prior approval of the Chair, whose approval will not be unreasonably withheld.</p> <p>Calix's Code of Conduct is available on Calix's website.</p>
Principle 4: Safeguard integrity in corporate reporting		
<p>Recommendation 4.1</p> <p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner</p>	<p>Yes</p> <p>No</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p>	<p>Calix has established a separate Audit and Risk Management Committee (ARMC) under its Audit and Risk Management Committee Charter. The ARMC currently comprises two members - Jack Hamilton (Non-Executive Chair), and Peter Turnbull (Non-Executive Director). It is thus comprised of a majority of independent Directors.</p> <p>The chair of the ARMC is Jack Hamilton who is considered by the Board to be 'independent' for the purposes of the ASX Recommendations.</p> <p>Calix's ARMC Charter sets out the purpose and functions of the ARMC.</p> <p>The qualifications, experience and attendance record of the ARMC members will be disclosed in each year's annual report.</p> <p>The ARMC Charter is available on Calix's website.</p>
<p>Recommendation 4.2</p> <p>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive 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</p>	<p>Yes</p>	<p>As a matter of practice, Calix obtains supporting declarations from its Managing Director and Chief Financial Officer before its financial statements are approved by the Board.</p>

ASX Principle and Recommendation	Compliance	Explanation
<p>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.</p>		
<p>Recommendation 4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit</p>	<p>Yes</p>	<p>In accordance with ASX Recommendation 4.3 Calix has, and will continue to, request that its external auditor attends each annual general meeting and be available to answer Shareholder questions about the conduct of the audit and the preparation and content of the auditor’s report.</p>
<p>Principle 5: Make timely and balanced disclosure</p>		
<p>Recommendation 5.1 A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.</p>	<p>Yes</p>	<p>Calix has adopted a Continuous Disclosure Policy. Calix is a “disclosing entity” pursuant to section 111AR of the Corporations Act and, as such, will be required to comply with the continuous disclosure requirements of section 674 of the Corporations Act and Chapter 3 of the Listing Rules, following admission to ASX. Calix is committed to observing its disclosure obligations under the Corporations Act and, following admission to ASX, its obligations under the Listing Rules. All announcements provided to the ASX will be posted on Calix’s website. The Continuous Disclosure Policy is available on Calix’s website.</p>
<p>Principle 6: Respect the rights of security holders</p>		
<p>Recommendation 6.1 A listed entity should provide information about itself and its governance to investors via its website.</p>	<p>Yes</p>	<p>Comprehensive information about Calix and its corporate governance, including copies of its various corporate governance policies and charters, is available on Calix’s website.</p>
<p>Recommendation 6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors</p>	<p>Yes</p>	<p>Calix has adopted a Shareholder Communications Policy, the purpose of which is to facilitate the effective exercise of Shareholders’ rights by communicating effectively with Shareholders, giving Shareholders ready access to balanced and understandable information about Calix and its corporate strategies and making it easy for Shareholders to participate in general meetings of Calix. Calix communicates with Shareholders as follows:</p> <ul style="list-style-type: none"> • following admission to the ASX, through releases to the market via the ASX; • through Calix’s website; • through information provided directly to Shareholders; and • at general meetings of Calix. <p>The Shareholder Communications Policy is available on Calix’s website.</p>

ASX Principle and Recommendation	Compliance	Explanation
<p>Recommendation 6.3 A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.</p>	<p>Yes</p>	<p>Calix supports Shareholder participation in general meetings and seeks to provide appropriate mechanisms for such participation, including by ensuring that meetings are held at convenient times and places to encourage Shareholder participation.</p> <p>In preparing for general meetings of Calix, Calix will draft the notice of meeting and related explanatory information so that they provide all of the information that is relevant to Shareholders in making decisions on matters to be voted on by them at the meeting. This information will be presented clearly and concisely so that it is easy to understand and not ambiguous and voting procedures and options will be kept as simple as possible to encourage participation.</p> <p>Calix will use general meetings as a tool to effectively communicate with Shareholders and will allow Shareholders a reasonable opportunity to ask questions of the Board and to otherwise participate in the meeting. Mechanisms for encouraging and facilitating Shareholder participation will be reviewed regularly to encourage the highest level of Shareholder participation.</p>
<p>Recommendation 6.4 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.</p>	<p>Yes</p>	<p>Calix provides new Shareholders with the option to receive communications from Calix electronically and encourages them to do so. Existing Shareholders are also encouraged to request communications electronically. Following admission to the ASX, all Shareholders that have opted to receive communications electronically will be provided with notifications by Calix when an announcement or other communication (including annual reports and notices of meeting) is uploaded to the ASX announcements platform.</p>
<p>Principle 7: Recognise and Manage Risk</p>		
<p>Recommendation 7.1 The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p>	<p>Yes</p> <p>No</p> <p>Yes</p> <p>Yes</p> <p>Yes</p>	<p>Calix has established a separate Audit and Risk Management Committee under its Audit and Risk Management Committee Charter.</p> <p>The ARMC comprises Peter Turnbull (Non-Executive Chair), and Jack Hamilton (Non-Executive Director, and is thus comprised of a majority of independent Directors.</p> <p>The chair of the ARMC is Jack Hamilton who is considered by the Board to be ‘independent’ for the purposes of the ASX Recommendations.</p> <p>Calix’s ARMC Charter sets out the purpose and functions of the ARMC.</p> <p>The qualifications, experience and attendance record of the ARMC members will be disclosed in each year’s annual report.</p> <p>The ARMC Charter is available on Calix’s website</p>

ASX Principle and Recommendation	Compliance	Explanation
(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	Yes	
<p>Recommendation 7.2</p> <p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	Yes	<p>Calix has established a separate Audit and Risk Management Committee (under its Audit and Risk Management Committee Charter.</p> <p>The ARMC has responsibility for the monitoring of risk on behalf of the Board, and reviews Calix's risk management framework at least annually to ensure it continues to be effective.</p> <p>Disclosure of the outcome of the annual risk management review will be included in the annual report.</p>
<p>Recommendation 7.3</p> <p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	No	<p>Calix does not currently have an internal audit function.</p> <p>Calix has adopted internal control procedures pursuant to its Risk Management Policy. Calix's internal controls include the following:</p> <ul style="list-style-type: none"> • Calix has clear and approved authorisation limits in place for all expenditure and payments; • a dual-approval process is in place via electronic banking for all payments; • Calix prepares cash flow forecasts which include materiality thresholds, and which are regularly reviewed; and • Calix regularly reviews its other financial materiality thresholds. <p>The Board and Senior Management are charged with evaluating and considering improvements to Calix's risk management and internal control processes on an ongoing basis.</p> <p>The Board considers that an internal audit function is not currently necessary given the current size, complexity and scope of Calix's operations.</p> <p>As Calix's operations grow and evolve, the Board will reconsider the appropriateness of adopting an internal audit function.</p>
<p>Recommendation 7.4</p> <p>A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	Yes	<p>The Board does not consider that Calix currently has a material exposure to environmental and social sustainability risks. If such risks develop, Calix will disclose them as part of its disclosure of the outcome of the annual risk management review in the annual report, or otherwise in accordance with its Continuous Disclosure Policy.</p> <p>Calix's exposure to economic (and other) risks are outlined in prospectus. Calix manages these risks via the Audit and Risk Committee oversight, and a robust risk management process undertaken by management under that oversight. Calix also has a Safety, Health and Environmental Policy which is available on Calix's website.</p>

ASX Principle and Recommendation	Compliance	Explanation
Principle 8: Remunerate fairly and responsibly		
<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p>Yes</p> <p>No</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p>	<p>Calix has established a Remuneration and Nomination Committee whose purpose is to provide oversight of a framework for assessing, monitoring and managing remuneration of Directors, Key Management and staff of Calix.</p> <p>The Remuneration and Nomination Committee currently comprises two members - Peter Turnbull (Non-Executive Chair), and Jack Hamilton (Non-Executive Director, and is thus comprised of a majority of independent Directors.</p> <p>The chair of the Remuneration Committee is Peter Turnbull who is considered by the Board to be 'independent' for the purposes of the ASX Recommendations</p> <p>The Remuneration and Nomination Committee Charter outlines the roles and responsibilities of the Remuneration and Nomination Committee, which are primary to assist the Directors to discharge their duties with regard to the Remuneration and Nomination Committee Charter.</p> <p>The Board considers that, given its current size, efficiencies or other benefits would not be gained by a remuneration committee comprised of 3 (or more) Directors.</p> <p>Following admission to ASX, Calix will set out the remuneration paid or provided to Directors and senior executives annually in the remuneration report contained within Calix's annual report to Shareholders.</p> <p>As Calix's operations grow and evolve, the Board will reconsider the appropriateness of adding an additional Director to the Remuneration and Nomination Committee.</p> <p>The Remuneration and Nomination Committee Charter is available on Calix's website</p>
<p>Recommendation 8.2</p> <p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives</p>	<p>Yes</p>	<p>Calix's policies and practices regarding the remuneration of executive and non-executive Directors and other senior executives are set out in the Remuneration Report contained in Calix's Annual Report for each financial year.</p>
<p>Recommendation 8.3</p> <p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>Yes</p>	<p>Calix has adopted an Employee Incentive Scheme. In accordance with Calix's Securities Trading Policy, the Scheme does not allow participants to enter transactions that would limit their economic risk under the scheme. Calix's Securities Trading Policy sets out the circumstances in which the Directors, executives, and employees, contractors, consultants and advisors (Designated Persons) are prohibited from dealing in Calix's Securities.</p> <p>The policy provides that where a Designated Person is entitled to equity-based remuneration arrangements, that Designated Person must not at any time enter into a transaction (e.g. writing a call option) that operates or is intended to operate to limit the economic risk of holdings of unvested Calix Securities or vested calix Securities which are subject to a holding lock.</p> <p>The Securities Trading Policy is available on Calix's website.</p>