



## **BOARD CHARTER**

### **1 Purpose**

This charter is designed to:

- (a) enable the board to provide strategic guidance for Medlab Clinical Limited (**Company**) and effective oversight of management;
- (b) clarify the respective roles and responsibilities of the Board of Directors (**Board**) members and senior executives in order to facilitate Board and senior executives' accountability to both the Company and its shareholders; and
- (c) ensure a balance of authority so that no single individual has unfettered powers.

### **2 Functions reserved to the Board**

#### **2.1 Role of the Board**

The role of the Board of the Company is to use its expertise to develop, review and implement the strategic direction of the Company while at all times representing the shareholders, protecting the interests of the Company and fulfilling the Board's duties and obligations under the Company's Constitution, the ASX Listing Rules, the *Corporations Act 2001* (Cth) and any other relevant act, rule or regulation.

#### **2.2 Responsibilities of the Board**

The Board has the following responsibilities:

- (a) determining corporate strategies, policies and guidelines for the successful performance of the Company in the present and in the future;
- (b) appointing and removing the Chief Executive Officer and, where appropriate, ratifying the appointment and removal of senior executives;
- (c) monitoring the performance and conduct of senior management, and ensuring adequate succession plans are in place;
- (d) approving and monitoring compliance with systems of financial reporting, continuous disclosure, corporate governance, legal requirements and ethical standards;

- (e) approving and monitoring major capital expenditure, capital management and acquisitions and divestitures;
- (f) reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance;
- (g) ensuring appropriate resources are available to senior executives;
- (h) issuing securities in the Company and establishing any incentive or employee share plans for directors and/or staff;
- (i) confirming that audit arrangements (including internal and external) are in compliance with all legal requirements and reviewing the Company's policies on such issues; and
- (j) delegating an appropriate level of authority to management.

### **2.3 Role of Management**

Subject to the powers reserved to the Board in clause 2.2, the Board delegates to the Chief Executive Officer (CEO) authority to make decisions and take all reasonable actions to implement the strategic direction of the Company in accordance with any instructions or directions issued by the Board.

## **3 Board Structure**

The Board will be of an effective composition, size and commitment to adequately discharge its responsibilities and duties. The Board must facilitate the effective discharge of the duties imposed by law on the Directors and add value to the Company.

### **3.1 Appointment**

The Board of Directors is appointed by the shareholders of the Company to understand and act upon the concerns and issues of Shareholders.

### **3.2 Board structure to add value**

- (a) The Board is to be structured in such a way that it:
  - (1) has a proper understanding of, and competence to deal with, the current and emerging issues of the Company's business;
  - (2) exercises independent legal judgment;
  - (3) encourages enhanced performance of the Company; and
  - (4) can effectively review and challenge the performance of management.
- (b) The Board will at all times use reasonable endeavours to work towards the implementation of a Board comprising of a majority of non-executive directors as assessed by the Board.

- (c) The Board acknowledges that, while it is important to have a majority of non-executive Directors, it is equally important to have a mix of executive directors who have a strong understanding of the Company's core business.
- (d) Remuneration of Directors will be decided by the Board by reference to the recommendations of the Remuneration and Nominations Committee.

## **4 Positions**

### **4.1 Role of Chairperson**

- (a) The Board will elect a Director to be Chairperson and will identify an alternative Director to replace the Chairperson in the event that the Chairperson is unable to act at any particular time.
- (b) The Chairperson's other positions should not be such that they are likely to hinder effective performance of the role.
- (c) The Chairperson is responsible for leadership of the Board and for the efficient organisation and conduct of the Board's functioning.
- (d) The Chairperson should facilitate the effective contribution of all Directors and promote constructive and respectful relations between Directors and between Board and management.
- (e) The Chairperson's role is to:
  - (1) maintain compliance with the Board's principles and processes;
  - (2) aid the progress of meetings of the Board;
  - (3) prepare agendas for meeting and liaise with the Chief Executive Officer (if not the same person) and Company Secretary;
  - (4) oversee the provision of information from the Company's management personnel to the Board; and
  - (5) oversee leadership of the Board.

### **4.2 Company Secretary**

- (a) The Board may appoint and remove the Company Secretary as the Board sees fit.
- (b) The Company Secretary's role is to advise the Chairperson and Board on procedures to be followed by the Board, to develop systems and procedures to assist the Board in fulfilling its objectives and to co-ordinate the timely despatch of Board agendas and briefing materials.
- (c) All Directors must have access to the Company Secretary.
- (d) The Company Secretary must arrange for independent professional advice at the request of the Board and must ensure that the Company Secretary's services are available to all Directors.
- (e) The Company Secretary is accountable to the Board, through the Chairperson, on all governance matters.

### **4.3 Chief Executive Officer**

- (a) The Chief Executive Officer is appointed by the Board and the position may be held by an executive Director.
- (b) The role of the Chief Executive Officer in conjunction with the executive Directors is:
  - (1) day to day management of the Company;
  - (2) to report to the Board on any issues arising out of the Company's commercial activities through the production of performance measure reports;
  - (3) managing the compliance and risk management systems of the Company.; and
  - (4) Management of staff including, appointment, termination, staff development and performance measurement..

### **4.4 Independent directors**

- (a) Directors considered by the Board to be independent will be identified as such in the corporate governance statement in the Company's annual report.
- (b) The Board will state its reasons if it considers a Director to be independent notwithstanding the existence of the following relationships and will disclose the existence of the following relationships:
  - (1) the Director is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
  - (2) is employed, or has previously been employed in an executive capacity, by the Company or another group member, and there has not been a period of at least three years between ceasing such employment and serving on the Board;
  - (3) has within the last three years been a principal of a material professional adviser or a material consultant to the Company or another group member, or an employee materially associated with the service provided;
  - (4) is a material supplier or customer of the Company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer; or
  - (5) has a material contractual relationship with the Company or another group member other than as a Director.
- (c) Directors must disclose to the Board family ties and cross-directorships that may be relevant in considering interests and relationships that affect independence.

- (d) The Board will regularly assess whether each non-executive Director is independent and each non-executive Director will provide the Board all information that may be relevant to this assessment.
- (e) If a Director's independence status changes, the Board will disclose and explain this in a timely manner to the market.

## **5 Board meetings**

- (a) Holding the office of Director of the Company is an important role. The Directors of the Company acknowledge the serious commitment that their position entails and agree to use their best endeavours to attend all Board meetings.
- (b) The Company endorses open and frank discussion of all issues at Board meetings in a constructive and ethical manner. Directors are encouraged to question alternative views at meetings of the Board and use their expertise to bring judgment to issues discussed and determined by the Board.
- (c) Non-executive Directors shall meet regularly in the absence of executive Directors. These discussions should be held by the lead independent Director.
- (d) Board agendas and related documentation should be provided to the Directors at least 2 days prior to a meeting of the Board.

## **6 Committees**

- (a) The Board must establish committees to assist the Board with meeting its responsibilities.
- (b) The Board must have the following permanent committees and such other committees as to the Board determines is appropriate from time to time:
  - (1) Remuneration and Nomination Committee; and
  - (2) Risk Management and Audit Committee.
- (c) As part of its oversight of the Risk Management and Audit Committee and internal control system, the Board should review the effectiveness of the implementation of that system at least annually.
- (d) The Board retains responsibility for assessing the effectiveness of the Company's systems for management of material business risks.
- (e) The Chairperson of each Committee must be an independent non-executive Director and the Board must select members of each Committee based on which Directors are appropriate for the role.
- (f) The Board must adopt a charter for each Committee outlining the constitutional base for each Committee.
- (g) The charter for each Committee shall document the role and responsibilities of each Committee.

## **7 Information**

- (a) The Chief Executive Officer is responsible for supplying the Board with information in a form and time frame and of a quality that enables the Board to discharge its duties effectively.
- (b) Directors are entitled to request additional information where they consider such information necessary to make informed decisions.

## **8 Evaluation**

The Board will regularly review the skills and expertise of the Directors of the Company to ensure that the composition of Directors is sufficient to ensure that the objectives of the Company are attained.

## **9 Conflict of Interest**

Directors must ensure at all times that the interests of the Company are put first and that nothing is embarked upon that has the effect or may be perceived to have the potential to put the Director's interests before the Company's best interests.

## **10 Other Directorships**

- (a) Directors should undertake continuing evaluations of their ability to act in the best interests of the Company.
- (b) Independent and non-executive Directors must inform the Chairperson and the Chairperson of the Remuneration and Nomination Committee before accepting any new appointments as directors.
- (c) Executive Directors must not accept any appointment as an officer of any other company without the prior written approval of the Board.

## **11 Independent Advice**

Subject to the Deed of Indemnity executed by each Director, all Directors have access in appropriate circumstances to independent professional advice at the Company's expense.

## **12 Code of Conduct**

- (a) The Board must adopt a Code of Conduct documenting the ethical standards to be maintained by the Board and the Company.
- (b) All Directors must comply with the Code of Conduct adopted by the Board.

## **13 Securities Dealing**

Directors must at all times comply with the Company's Securities Trading Policy.

## **14 Induction and Education of Board Members**

- (a) The Board will implement induction procedures to allow new Directors to participate fully and actively in management decision-making at the earliest opportunity. The induction program will be available to enable Directors to gain an understanding of:
  - (1) the Company's financial position, strategies, operations and risk management policies; and
  - (2) the respective rights, duties and responsibilities and roles of the Board and senior executives.
- (b) All Directors shall participate in any induction and continuing education programs or policies developed by the Board from time to time. Directors will have access to continuing education to update and enhance their skills and knowledge (including in areas concerning key developments in the Company, the industry and the environment within which it operates).

## **15 Confidentiality**

- (a) Directors acknowledge that they will be exposed to confidential information of the Company.
- (b) Directors agree to keep all proceedings of the Board and its Committees strictly confidential at all times, including following cessation of office.

## **16 Review**

The Board will review, and update where appropriate, the Board Charter regularly.