

# Healius Limited

## Board Charter

### 1 Context

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- 1.1 The Board of Healius Limited ACN 064 530 516 (the **Company**) has adopted this Charter to outline how it will exercise its powers and responsibilities.

### 2 The Board's role

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- 2.1 The role of the Board is to:
- (a) protect and optimise Company performance to build sustainable value for shareholders;
  - (b) set the objectives of the Company and oversee the strategy employed to achieve those objectives;
  - (c) represent and serve the interests of shareholders by overseeing and appraising the performance of the Company;
  - (d) overview the financial and human resources the Company has in place to meet its objectives, including by reviewing the performance of management and holding management accountable for that performance;
  - (e) ensure shareholders are kept informed of the Company's performance and major developments affecting its state of affairs;
  - (f) oversee the adoption and maintenance of a prudent and effective risk management framework that supports the achievement of the Company's objectives;
  - (g) monitor and review the effectiveness of the workplace health and safety practices of the Company;
  - (h) monitor and review the effectiveness and sustainability of the environmental practices of the Company;
  - (i) seek to model the desired culture of the Company to the Company's management and other employees; and

- (j) ensure that the Company's relationships with its stakeholders (including employees, healthcare practitioners, patients, regulators, government and the community) are managed to facilitate the achievement of the Company's objectives;

in accordance with any duties and obligations imposed on the Board by law and the Company's constitution.

- 2.2 In fulfilling its role, the Board aims to apply principles of good corporate governance and practice that accord with international best practice and applicable laws (including the requirements of the Corporations Act and the ASX Listing Rules.)

### 3 Board size, composition and capabilities

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#### Board size

- 3.1 The Board will determine its size, subject to the terms of the constitution.

#### Board composition

- 3.2 Subject to the terms of the constitution, the Board will determine its composition as to:
  - (a) the number of executive directors (including the appointment of one or more Managing Directors);
  - (b) the number of non-executive directors; and
  - (c) the number of non-executive directors who are independent.
- 3.3 The Board should comprise a majority of independent non-executive directors.
- 3.4 The Board will review the independence of each director at least annually, taking into account:
  - (a) any material personal interest or potential conflict of interest of the director;
  - (b) the director's length of service; and
  - (c) any other matter the Board considers relevant to the director's independence.
- 3.5 Independent directors will be identified as such in the Company's annual Corporate Governance Statement.
- 3.6 In conducting its review, the Board will adopt the definition of "independence" in the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, subject to the observation that a significant length of service will not necessarily compromise a director's independence.

### **Board capabilities**

- 3.7 The Board aims to possess and display cognitive diversity in order to fulfil its role more effectively.
- 3.8 The Board aims to achieve cognitive diversity by ensuring its directors together possess a broad range of personalities, skills, expertise and experience from a diverse range of backgrounds. The Board's performance evaluation and succession planning activities described in parts 4 and 5 of this Charter will assist in furthering this aim.
- 3.9 As part of the Board performance evaluation process in part 4 of this Charter, the Board will develop and implement plans to identify, assess and enhance director capabilities.
- 3.10 The Board will ensure that opportunities are provided for directors to participate in the Company's continuing education programs to ensure that they are kept up to date with developments in fields relevant to the Company's operations.
- 3.11 In addition to personality, skills, expertise and experience, the Board recognises that strong personal ethics and integrity on the part of each director are essential to the Board fulfilling its role.

## **4 Board performance evaluation**

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- 4.1 The Chairman will arrange for the regular (at least annual) performance evaluation of the Board, its committees and individual directors.
- 4.2 All directors are required to participate in the performance evaluation process. Generally, directors will be required to provide written feedback in relation to the performance of the Board, its committees and individual directors against a set of agreed criteria.
- 4.3 Feedback will be collected by the Chairman and be discussed by the Board, which will consider whether any steps should be taken to improve performance, whether at the Board, committee or individual director level.
- 4.4 In the case of feedback given by employees of, or contractors to, the Company, such feedback may be given on the condition that it not be attributed. A director must not seek to identify the source of such feedback.

## **5 Board succession and renewal**

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- 5.1 The Board may delegate some or all of its responsibilities under this part of the Charter to the Nomination and Remuneration Committee.
- 5.2 The Board will consider succession and renewal issues by:

- (a) regularly reviewing the size and composition of the Board;
  - (b) monitoring the length of service of each director, the skills and expertise of each director and the attributes of the Board as a whole;
  - (c) assessing necessary and desirable attributes and capabilities of prospective Board members, including by reference to the current Board's range of personality types, gender balance, backgrounds, skills, expertise and experience;
  - (d) considering the appointment and removal of directors and, where necessary, prospective directors;
  - (e) regularly reviewing non-executive directors' other directorships and commitments to ensure those directors are in a position to devote sufficient time to the Company's affairs; and
  - (f) ensuring that an effective induction process, administered by the Group Company Secretary, is in place (covering the operation of the Board and its committees, and the Company's financial, strategic, operational and risk management positions) and regularly reviewing the effectiveness of that process.
- 5.3 Non-executive directors will be engaged through a Letter of Appointment.
- 5.4 The Board, through the Chairman and the Company Secretary, will conduct background checks on any prospective non-executive director before they are appointed. The Board may appoint a non-executive director on the basis that the appointment is subject to background checks being satisfactory.

## 6 Board responsibilities and reserved powers

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### General responsibilities/functions of the Board

- 6.1 General responsibilities/functions of the Board include:
- (a) in relation to the Chief Executive Officer (**CEO**):
    - i. selection;
    - ii. appointment;
    - iii. performance evaluation;
    - iv. remuneration; and
    - v. succession planning;
  - (b) approving criteria for the Chief Financial Officer (**CFO**) and the appointment and removal of the CFO (provided that the CEO must agree to any CFO appointment);

- (c) approving criteria for the other direct reports to the CEO and, through the Nomination and Remuneration Committee, the appointment and removal of the other direct reports to the CEO (provided that the CEO must agree to any appointment);
- (d) in relation to the CFO and other direct reports to the CEO:
  - i. reviewing procedures in place for appointment and removal;
  - ii. monitoring senior management performance; and
  - iii. succession planning;
 subject to the Charter of the Nomination and Remuneration Committee;
- (e) appointment and removal of the Group Company Secretary;
- (f) input into, and final approval of, management and development of corporate strategy, including setting performance objectives and approving operating budgets;
- (g) monitoring, reviewing and guiding the management of the risk management framework;
- (h) monitoring capital management;
- (i) monitoring and reviewing management processes in place aimed at ensuring the integrity of financial and other reporting;
- (j) monitoring and reviewing management strategy and processes in place regarding the Company's employees;
- (k) monitoring and reviewing policies and processes in place relating to workplace health and safety;
- (l) monitoring and reviewing policies and processes in place relating to compliance with laws and the maintenance of high ethical standards; and
- (m) performing such other functions as are required by law or are assigned to the Board.

### **Reserved powers of the Board**

6.2 Matters which are specifically reserved for the Board include the following:

- (a) appointment of a Chairman;
- (b) appointment of directors to fill a vacancy or as additional directors;
- (c) establishment of Board committees, their membership and delegated authorities;

- (d) approval of dividends;
- (e) approval of the Company's yearly and half-yearly financial statements;
- (f) development and review of corporate governance principles and policies;
- (g) approval of all expenditure in excess of authority levels delegated to management under the Delegation of Authority Framework;
- (h) irrespective of the Delegation of Authority Framework, approval of any major capital expenditure, acquisition or divestiture where the relevant transaction is:
  - i. likely to have a material effect on the price or value of the Company's securities;
  - ii. of a significant nature and is outside the scope of the Company's strategy previously approved by the Board; or
  - iii. likely to have a significant effect on the reputation of the Company or its dealings with its stakeholders;
- (i) calling of meetings of shareholders;
- (j) approval of remuneration (including base salary, incentive and bonus plans and awards) for Key Management Personnel – subject to the charter of the Nomination and Remuneration Committee; and
- (k) any other specific matters nominated by the Board from time to time.

## 7 The Chairman

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- 7.1 The Chairman should be an independent non-executive director who is not a Managing Director and/or the CEO.
- 7.2 The Chairman is responsible for the leadership of the Board, including taking all reasonable steps to ensure that the Board functions effectively.
- 7.3 Particular duties of the Chairman include:
- (a) setting the agenda for the matters to be considered at meetings of the Board;
  - (b) managing the conduct at, and frequency and length of, Board meetings so as to provide the Board with an opportunity to have a detailed understanding of issues affecting the Company's business operations, the Company's current financial position and performance and any opportunities or challenges facing the Company;
  - (c) facilitating open and constructive communications and debate between members of the Board;

- (d) ensuring that each director is given the opportunity to contribute to Board discussions and that no individual either dominates or is excluded from discussions;
- (e) being the key link between the Board, the CEO and the Company's senior management;
- (f) being a main point of communication between the Board and the Company's shareholders, with assistance from management as required; and
- (g) communicating the views of the Board to stakeholders (including employees, healthcare practitioners, patients, regulators, government and the broader community), with assistance from management as required.

## 8 Delegation to committees

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- 8.1 The Board from time to time establishes committees to streamline the discharge of its responsibilities and, for any standing committee, adopts a formal charter setting out the matters relevant to the composition, responsibilities and administration of such a committee.
- 8.2 The Board has, as the date of this Charter, established the following committees:
  - (a) Audit Committee;
  - (b) Nomination and Remuneration Committee; and
  - (c) Risk Management Committee.
- 8.3 The Board may also delegate specific functions to ad hoc committees as needed. The powers delegated to these committees will be set out in Board resolutions.
- 8.4 The Board's committee structure and the composition, role and performance of each committee will be reviewed on an annual basis as part of the Board's performance evaluation process described in part 4 of this Charter.

## 9 Delegation to, and relationship with, management

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### General principles of the Board-management relationship

- 9.1 Under the Company's Constitution, the Board or its committees may delegate their powers to management as they consider appropriate. However, under the Corporations Act, ultimate responsibility for the management of the Company remains with the directors.
- 9.2 Management must supply the Board with information in a form, timeframe and quality that will enable the Board to fulfil its role effectively.

- 9.3 Directors are entitled to request additional information from management at any time. To preserve good order, such requests should be made with the knowledge of the Chairman, the CEO and the Group Company Secretary.

#### **Delegation of authority to CEO**

- 9.4 The Company is managed by, or under the supervision of, the CEO as directed by the Board.
- 9.5 All the Board's powers in relation to the Company, with the exception of those functions in part 6.1 of this Charter and the powers reserved by the Board in part 6.2 of this Charter, are delegated to the CEO.
- 9.6 The Board will develop corporate objectives for the CEO to satisfy and will, in consultation with the CEO, develop the duties and responsibilities of the CEO.
- 9.7 The CEO may further delegate any and all powers as the CEO sees fit. However the CEO remains responsible to the Board for all delegated powers.
- 9.8 The CEO will, in consultation with the CFO, maintain and supervise the use of a Delegation of Authority Framework to ensure that appropriate control of financial and non-financial decisions is exercised throughout the Company.
- 9.9 The Delegation of Authority Framework will be approved by the Board from time to time.
- 9.10 This Charter prevails over the Delegation of Authority Framework to the extent of any inconsistency.
- 9.11 The CEO may commit the Company and its related bodies corporate to financial expenditure as set out in the Delegation of Authority Framework.
- 9.12 Given the Company's role as ultimate holding company of the Healius Group, the CEO is also empowered to direct and manage the affairs of any subsidiary of the Company in the same manner as the Company itself.
- 9.13 The CEO is responsible for maintaining the Company's Diversity Policy and, in consultation with the Board, setting diversity objectives or targets as required by law or good corporate governance practice.

## **10 Independent Professional Advice**

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- 10.1 Any director, with the prior approval of the Chairman, may seek independent professional advice at the Company's expense. If the Chairman refuses approval, the director may consult with the full Board or, in the case of an executive director, with the non-executive directors.
- 10.2 The Group Company Secretary will assist in arranging such independent professional advice as required.

## 11 Group Company Secretary

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- 11.1 The Group Company Secretary is accountable to the Board through the Chairman.
- 11.2 The Group Company Secretary will advise the Chairman, the Board and individual directors on all matters of governance process.
- 11.3 The Group Company Secretary's advice and services are available to all committees and directors.
- 11.4 The Group Company Secretary will develop and maintain the information systems and processes that are appropriate for the Board to fulfil its role.

## 12 Administrative Matters

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### Meetings

- 12.1 The Company's constitution governs the regulation of meetings and proceedings of the Board.
- 12.2 The Board will set a schedule of meetings for a given calendar year as early as reasonably practicable in the preceding calendar year.
- 12.3 Additional meetings will be held as required to address specific issues.
- 12.4 Members of management may be invited to attend Board or committee meetings (or parts of meetings) from time to time where the Board or the committee considers their involvement will assist the Board or committee in considering items of business.
- 12.5 The Group Company Secretary attends meetings of the Board or a committee as minute secretary. For any part of a meeting where the Group Company Secretary is absent, the Chairman or committee chair must ensure that appropriate minutes of that part of the meeting are kept.
- 12.6 All minutes of the Board or a committee must be signed by the Chairman or committee chair as a true and correct record. They will be entered into the minute book and will be open for inspection by any director.
- 12.7 All directors and other attendees at Board or committee meetings are required, as officers and/or fiduciaries of the Company, to keep confidential all information presented to (whether written or oral) or discussed at Board and committee meetings.

### Outside appointments of directors

- 12.8 Where practicable, non-executive directors will inform the Board prior to accepting appointments outside the Company.

### **Introductions and business opportunities**

12.9 Where a director seeks to provide information about business opportunities or introductions to the Company, this should be done through the CEO with the Chairman also being informed via the Group Company Secretary.

### **Notification of matters to Group Company Secretary**

12.10 A director must immediately tell the Group Company Secretary of:

- (a) any change to the director's personal information requiring notification to ASIC (eg. change of address);
- (b) any Related Party Transaction; or
- (c) any trading activity undertaken by the director or any related party (for more detail see the Company's Securities Trading Policy).

## **13 Review**

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13.1 This Charter will be reviewed by the Board as required.

## **14 Approval and version history**

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14.1 This Charter has been approved by the Board.

Approved 20 March 2019

Robert Hubbard  
Chairman

| <b>Version history</b> | <b>Approval date</b> |
|------------------------|----------------------|
| 1.0                    | August 2008          |
| 2.0                    | March 2018           |
| 2.1                    | January 2019         |
| 2.2                    | March 2019           |