



Board Charter

Integral Diagnostics Limited (Company)

ACN 130 832 816

Adopted by the Board: 1 October 2015

Amended 8 December 2016

Amended 25 July 2018

Amended 29 May 2019

Amended 27 March 2020



Table of contents

1	Introduction	2
2	Board composition	2
	2.1 Board composition and size	2
	2.2 Director independence and tenure.....	2
3	Board role and responsibilities	3
	3.1 Board role	3
	3.2 Board key responsibilities	3
	3.3 Reserved authorities	3
	3.4 Directors	4
4	Delegation of duties and powers	4
	4.1 Relationship with management.....	4
	4.2 Role of the CEO.....	4
	4.3 Delegation to Committees	5
5	Board process	6
	5.1 Meetings	6
	5.2 The Chair	6
	5.3 The Company Secretary.....	6
6	Attachment 1	7
	Guidelines of the Board of Directors – Independence of Directors	
7	Attachment 2	9
	Performance evaluation process in relation to the Board and its Committees	

1 Introduction

The Board of the Company has adopted this Board Charter to outline the manner in which its constitutional powers and responsibilities will be exercised and discharged, having regard to principles of good corporate governance, international best practice and applicable laws.

This Charter includes an overview of:

- (a) Board composition and process;
- (b) the relationship and interaction between the Board and management; and
- (c) the authority delegated by the Board to management and Board Committees.

This Charter is to be reviewed by the Board as required and at least annually.

2 Board composition

2.1 Board composition and size

- (a) The Board is appointed by the shareholders. Non-executive Directors are engaged through a letter of appointment.
- (b) The Board together with the Nomination Committee, determines the size and composition of the Board, subject to the terms of the Company's Constitution.
- (c) It is intended that the Board should comprise Directors with a broad range of skills, expertise and experience from a diverse range of backgrounds.
- (d) The Board together with the Nomination Committee, will review the skills represented by Directors on the Board and determine whether the composition and mix of those skills remain appropriate for the Company's strategy, subject to limits imposed by the Constitution and the terms served by existing Non-executive Directors.

2.2 Director independence and tenure

- (a) The Board regularly reviews the independence of each Non-executive Director in light of information relevant to this assessment as disclosed by each Non-executive Director to the Board.
- (b) The Board only considers Directors to be independent where they are independent of management and free of any business or other relationship that could materially interfere with, or could reasonably be perceived to interfere with, the exercise of their unfettered and independent judgment. The Board has adopted a definition of independence that is based on that set out in Box 2.3 of the ASX Corporate Governance Council's Principles and Recommendations (4th edition) (see Attachment 1).
- (c) The Board does not believe that it should establish an arbitrary limit on tenure. While tenure limits can help to ensure that there are fresh ideas and viewpoints available to the Board, they hold the disadvantage of losing the contribution of Directors who have been able to develop, over a period of time, increasing insight in the Company and its operation and, therefore, an increasing contribution to the Board as a whole. Accordingly, tenure is just one of the many factors that the Board takes into account when assessing the independence and ongoing contribution of a Director in the context of the overall Board process.

3 Board role and responsibilities

3.1 Board role

The Board is responsible for demonstrating leadership and has the authority to determine, all matters relating to the purpose, values, strategic direction, policies, practices, goals for management and the operation of the Company. Without limiting the general role of the Board, the specific functions and responsibilities of the Board are listed below.

3.2 Board key responsibilities

The responsibilities/functions of the Board include:

- (a) selecting, appointing, removing and evaluating annually the performance of, determining the remuneration of, and planning succession of, the Chief Executive Officer (**CEO**), the Chairman and senior management (executives who report directly to the CEO);
- (b) contributing to and approving the Company's purpose and corporate strategy, including setting performance objectives and approving operating budgets;
- (c) approving the Company's Statement of Values and its Code of Conduct which underpin the desired culture of the Company;
- (d) reviewing, ratifying and monitoring systems of risk management and internal control and ethical and legal compliance. This includes reviewing procedures to identify the main risks associated with the Company's businesses and the implementation of appropriate systems to manage these risks;
- (e) overseeing management in its implementation of the entity's strategic objectives, instilling of the entity's values and performance generally;
- (f) approving major capital expenditure, acquisitions and divestitures, and monitoring capital management;
- (g) monitoring and reviewing management processes aimed at ensuring the integrity of financial and other reporting;
- (h) developing and reviewing corporate governance principles and policies and reviewing any corporate governance issues from time to time;
- (i) approving financial reports, profit forecasts and other reports required at law or under the ASX Listing Rules to be adopted by the Board;
- (j) 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;
- (k) evaluating at least annually, the performance of the Board, its Committees and individual Directors in accordance with the process set out in Attachment 2;
- (l) ensure that remuneration policies align with the entities purpose, values, strategic direction and risk appetite;
- (m) whenever required, challenging management and holding it to account; and
- (n) performing such other functions as are prescribed by law or are assigned to the Board.

3.3 Reserved authorities

Matters which are specifically reserved for the Board include:

- (a) appointment of a Chair;
- (b) appointment and removal of the CEO, CFO and Company Secretary;
- (c) on recommendation of the CEO, approving the appointment and removal of senior executives (which includes all executives who report directly to the CEO);
- (d) appointment of directors to fill a vacancy or as additional Director;
- (e) establishment of Board committees, their membership and delegated authorities;
- (f) approval of dividends;
- (g) approval of major capital expenditure, acquisitions and divestitures in excess of authority levels delegated to management;
- (h) calling of meetings of shareholders; and
- (i) any other specific matters nominated by the Board from time to time.

3.4 Directors

- (a) Directors will act at all times with honesty and integrity and will observe the highest standards of ethical behaviour.
- (b) Directors will ensure that no decision or action is taken that has the effect of prioritising their personal interests over the Company's interests.
- (c) Directors will be expected to participate in all induction and orientation programs and any continuing education or training arranged for them.
- (d) The Board collectively, and each Director individually, has the right to seek independent professional advice, subject to the approval of the Chair.

4 Delegation of duties and powers

4.1 Relationship with management

- (a) Directors may delegate their powers as they consider appropriate. However, ultimate responsibility for purpose, strategy and control rests with the Directors.
- (b) Management must supply the Board with information in a form, timeframe and quality that will enable the Board to discharge its duties effectively.
- (c) Directors are entitled to request additional information at any time when they consider it appropriate.

4.2 Role of the CEO

- (a) The management function is conducted by, or under the supervision of, the CEO as directed by the Board (and by other officers to whom the management function is properly delegated by the CEO).
- (b) The Board approves corporate objectives for the CEO to satisfy and, jointly with the CEO, develops the duties and responsibilities of the CEO.
- (c) The CEO is responsible for implementing strategic objectives, plans and budgets and instilling and reinforcing the entity's values, approved by the Board.
- (d) The CEO will operate within the defined entity values, code of conduct, budget and risk appetite set by the board.

4.3 Delegation to Committees

- (a) The Board from time to time establishes Committees to streamline the discharge of its responsibilities.
- (b) The Board adopts a formal charter for each standing Committee setting out the matters relevant to the composition, responsibilities and administration of the Committee.
- (c) The permanent standing Committees of the Board are the Audit, Risk and Compliance Committee, the People and Remuneration Committee, the Nomination Committee, and the Integral Clinical Leadership Committee
- (d) The Committees will assist the Board by focusing on the following activities:

Audit, Risk and Compliance Committee:

- appointment of the external auditor and the internal audit function;
- oversee the Company's audit function generally;
- assist the Board in relation to the reporting of financial information and oversee the preparation of the financial statements and reports;
- oversee the Company's financial controls and systems and manage the process of identification and management of risk;
- review and report to the Board on the Company's ongoing risk management program, including that adequate policies and procedures have been designed and implemented to manage identified risks;
- review and report to the Board that a regular program of audits is undertaken to test the adequacy of and compliance with prescribed policies;
- review and report to the Board that proper remedial action is undertaken to redress areas of weakness; and
- provide assurance to the Board that policies and procedures adopted by the Company ensure compliance with any relevant tax laws.

People and Remuneration Committee:

- review and recommend remuneration arrangements for the executive Directors (including the CEO) and the executives reporting to the CEO;
- review major changes and developments in the Company's remuneration, recruitment, retention and termination policies and procedures for senior management;
- review and recommend to the Board the remuneration arrangements for the Chair and the Non-executive Directors of the Board, including fees, travel and other benefits;
- review the senior management performance assessment processes and results;
- review and approve short term incentive strategy, performance targets and bonus payments, including changes and developments to the Company's employee equity incentive plans; and
- review the effectiveness of the Diversity Policy.

Nomination Committee

- review and recommend to the Board the size and composition of the Board and criteria for membership, including review of Board succession plans and the succession of the Chair and CEO;
- develop 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;

- assist the Board in relation to the performance evaluation of the Board, its Committees and individual directors, and the Company Secretary.

Integral Clinical Leadership Committee

- promote and support a collegiate culture across all practices and to provide advice across the organisation on clinical governance matters.
 - oversee, review and advise on: culture and patient care; clinical standards and quality assurance; business development and operational and strategic planning; workforce planning and to provide an effective means of communication between clinicians, management, executive and the Board.
- (e) The Board may also delegate specific functions to ad hoc Committees on an 'as needs' basis.
- (f) The powers delegated to these Committees are set out in Board resolutions.

5 Board process

5.1 Meetings

- (a) The Board will meet regularly.
- (b) Periodically, Non-executive Directors will meet without Executive Directors or management present.
- (c) Directors will use all reasonable endeavours to attend Board meetings in person.
- (d) The Company's Constitution governs the regulation of Board meetings and proceedings.

5.2 The Chair

- (a) The Board will appoint one of its members to be Chair.
- (b) It is intended that the Chair should be an independent Non-executive Director.
- (c) The Chair is responsible for leading the board, facilitating the effective contribution of all directors and promoting constructive and respectful relations between the board and between the board and management.
- (d) The Chair is responsible for approving board agendas and ensuring that adequate time is available for discussion of all agenda items.
- (e) The Chair represents the Board to the shareholders and communicates the Board's position.

5.3 The Company Secretary

- (a) The Board will appoint at least one Company Secretary.
- (b) The Company Secretary is accountable to the Board.
- (c) The Company Secretary is responsible for coordination of all Board business, including agendas, board papers, minutes, communication with regulatory bodies and ASX, and all statutory and other filings.
- (d) All Directors will have direct access to the Company Secretary.

6 Attachment 1

Integral Diagnostics Limited

ACN 130 832 816

Guidelines of the Board of Directors – Independence of Directors

Part 2 of the Company's Board Charter refers to the 'independence' of Directors.

Without limiting the Board's discretion, the Board has adopted the following guidelines to assist in considering the independence of Directors.

In general, directors will be considered to be 'independent' if they are:

- (a) are not employed in an executive capacity by the Company or another group member, or, if they have been previously employed in an executive capacity by the Company or another group member, and there has been a period of at least 3 years between ceasing such employment and serving on the Board;
- (b) not receiving performance-based remuneration (including options or performance rights) from, or participates in an employee incentive scheme, of the entity
- (c) have not within the last three years been in a material business relationship (eg as a supplier, professional advisor, consultant or customer) with the Company or other group member or an officer of or otherwise associated directly or indirectly someone with such a relationship;
- (d) not, do not represent, or have not been within the last three years an officer or employee of, or professional adviser to, a substantial shareholder.;
- (e) do not have close personal ties (includes family, friendship or other social or business connections) with any person who falls within any of the categories described above;
- (f) have not been a Director of the entity for such a period that his or her independence from management and substantial shareholders may have been compromised; and
- (g) are free from any other interest, position, association or other relationship that might influence, or reasonably be perceived to influence, in a material respect the Director's capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company and its shareholders generally.

Materiality

The Board will consider the materiality of the Directors' interests, position, association or relationship for the purposes of determining 'independence' on a case by case basis, having regard to both quantitative and qualitative principles.

Without limiting the Board's discretion in this regard, the Board has adopted the following guidelines:

- The Board will determine the appropriate base to apply (eg revenue, equity or expenses), in the context of each situation.
- In general, the Board will consider a holding of 5% or more of the Company's shares to be material.
- In general, the Board will consider an affiliation with a business that accounts for less than 5% of the relevant base to be immaterial for the purposes of determining independence. However, where this threshold is exceeded, the materiality of the particular circumstance with respect to the independence of the particular Director should be reviewed by the Board.
- Overriding the quantitative assessment is the qualitative assessment. Specifically, the Board will consider whether there are any factors or considerations which may mean that the Director's interest, business or relationship could, or could be reasonably perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

7 Attachment 2

Integral Diagnostics Limited

ACN 130 832 816

Performance evaluation process in relation to the Board and its Committees

- On an annual basis, Directors and selected management will provide written feedback in relation to the performance of the Board, its Committees and individual directors against a set of agreed criteria.
- Each Committee of the Board and Director will also be required to provide feedback in terms of a review of its/their own performance.
- Selected management are those that have direct involvement with the Board or a Committee such as a secretary, CFO, Group Risk Manager, Group Commercial Manager, Financial Controller or Human Resources Director.
- Feedback will be collected by the Company Secretary, or an external facilitator, and discussed by the Board and or its Committees, with consideration being given as to whether any steps should be taken to improve performance of the Board or its Committees.
- For individual directors' evaluations, the Board Chair will review the individual director evaluations and will then hold discussions with the individuals and report to the Board as a whole. In the case of the Board Chair's review, the PRC Chair will receive the evaluations and discuss these with the Board Chair.
- Where appropriate to facilitate the review process, assistance may be obtained from third party advisers.