



## Board Charter

Ellex Medical Lasers Limited  
ACN 007 702 927

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## 1. Introduction

The Board is responsible for the overall corporate governance of Ellex Medical Lasers Limited (“**Ellex**” or “**the Company**”).

This Charter sets out the role and responsibilities of the Board, which responsibilities are delegated to Committees of the Board or to management, as well as the membership and the operation of the Board.

## 2. Role

The primary objectives of the Board are to:

- 2.1. Provide strategic guidance for Ellex and effective oversight of management.
- 2.2. Optimise Ellex’s performance and shareholder value within a framework of appropriate risk assessment and management.
- 2.3. Recognise Ellex’s legal and other obligations to all legitimate stakeholders.

## 3. Constitution

The Board is constituted by the Constitution, under which it is vested with the power to manage Ellex. The Board may delegate certain of its powers to the CEO, Board Committees and other persons.

The Board retains ultimate responsibility for the management of Ellex.

The Constitution shall govern the regulation of meetings and proceedings of the Board.

## 4. Responsibilities

The Board has reserved to itself the following specific responsibilities:

### 4.1. Strategy

The Board is responsible for:

- 4.1.1. Overseeing the development of Ellex’s corporate strategy;
- 4.1.2. Reviewing and approving strategic plans and performance objectives consistent with Ellex’s strategy and reviewing the assumptions and rationale underlying the strategic plans and performance objectives; and
- 4.1.3. Monitoring implementation of plans to give effect to Ellex’s strategy.

### 4.2. Oversight of financial management and capital management

The Board is responsible for:

- 4.2.1. Protecting Ellex’s financial position and ability to meet its debts and other obligations as they fall due;
- 4.2.2. Reviewing and approving annual and half-yearly financial reports;
- 4.2.3. Monitoring financial results on an ongoing basis;
- 4.2.4. Overseeing Ellex’s accounting and financial management systems;
- 4.2.5. Reviewing, approving and monitoring the progress of major capital expenditure, capital management, major acquisitions and divestitures and material commitments;
- 4.2.6. Approving decisions affecting Ellex’s capital, including capital structure and major financing arrangements; and

4.2.7. Determining Ellex's dividend policy and declaring dividends.

## 4.3. Compliance and risk management

The Board is responsible for approving, reviewing, ratifying and monitoring:

4.3.1. Ellex's control and accountability systems and reviewing reporting under those systems;

4.3.2. Systems of internal compliance, risk management and control, and systems of legal compliance that govern Ellex's operations; and

4.3.3. Written policies, codes and procedures governing compliance, risk oversight and management.

## 4.4. Oversight of management

The Board is responsible for:

4.4.1. The appointment and, if appropriate, removal of the CEO, and approving terms of engagement and termination benefits;

4.4.2. Ratifying the appointment and, if appropriate, removal of any executive directors and Company Secretary, and approving terms of engagement and termination benefits (if any);

4.4.3. Approving succession plans for the CEO and any member of the Management Team.

4.4.4. Monitoring performance of the CEO and the Management Team and implementation of strategy against measurable and qualitative indicators, encouraging enhanced effectiveness and ensuring that appropriate resources are available;

4.4.5. Approving the remuneration policies and procedures in respect of the Management Team and

4.4.6. Providing advice and counsel to management.

The CEO, Management Team and the Company Secretary will be engaged by a letter of appointment which shall contain a job description describing their term of office, duties, rights and responsibilities and entitlements on termination.

## 4.5. Ethics and Culture

The Board is responsible for:

4.5.1. Establishing and modelling Ellex's culture and values;

4.5.2. Actively promoting ethical and responsible decision-making;

4.5.3. Approving and maintaining a Code of Conduct to guide its Directors and employees in the practices necessary to maintain confidence in Ellex's integrity; and

4.5.4. Monitoring the effectiveness of the system of accountability for unethical practices.

## 4.6. Diversity

The Board is responsible for:

4.6.1. Promoting diversity within all levels of the Ellex organisation;

4.6.2. Approving Ellex's policies in relation to diversity at all levels of the organisation and subsequent amendments to those policies; and

4.6.3. Establishing measurable objectives for achieving diversity at all levels of the organisation.

4.7. Shareholders

The Board is responsible for:

- 4.7.1. Reviewing the effectiveness of communication with shareholders;
- 4.7.2. Facilitating the effective exercise of shareholders' rights; and
- 4.7.3. Reporting to shareholders in accordance with the requirements of the Corporations Act or other relevant law and the ASX Listing Rules.

4.8. Other stakeholders

The Board is responsible for:

- 4.8.1. Approving and monitoring policies governing Ellex's relationship with other stakeholders and the broader community; and
- 4.8.2. Approving and maintaining environmental, employment and Occupational Health & Safety policies.

4.9. Auditors

Having regard to the recommendations of the Audit and Risk Committee, the Board is responsible for:

- 4.9.1. Making recommendations to shareholders for the appointment and removal of external Auditors including the remuneration and terms of appointment of the Auditors; and
- 4.9.2. Selecting and appointing external Auditors on an interim basis when a vacancy occurs in the office of Auditor.

4.10. Corporate governance

The Board is responsible for:

- 4.10.1. Establishing appropriate standards of corporate governance and legal and regulatory compliance;
- 4.10.2. Approving policies dealing with continuous disclosure, securities dealing and communications with shareholders;
- 4.10.3. Approving the Board's charter and the charters of the Board's standing committees;
- 4.10.4. Determining the remuneration of directors within the limits approved by the shareholders;
- 4.10.5. Approving the corporate governance statement and related governance disclosures for the annual report.

## 5. Delegation to board committees

Under Ellex's Constitution, the Board may delegate responsibility to Board Committees to consider certain issues in further detail and then report back to and advise the Board.

Standing Committees established by the Board will adopt charters setting out the authority, responsibilities, membership and operation of the Committee. Although the Board may delegate powers and responsibilities to these committees, the Board retains ultimate accountability for discharging its duties.

The Board has the following standing Committees, which may be added to or changed from time to time:

- ◆ Audit and Risk Committee;
- ◆ Remuneration Committee;
- ◆ The Board.

- 5.1. Will appoint members to the Committees and make changes to membership;
- 5.2. May establish other ad hoc special purpose Committees from time to time, with terms of reference approved by the Board;
- 5.3. Shall regularly review the effectiveness of each of the above Committees, against its charter, in conjunction with the Chair of the relevant Committee; and
- 5.4. Will deal with matters referred to it by any Board Committee.

All Directors will receive copies of Committee papers, including minutes, in respect of each Committee and may attend meetings of Committees of which they are not members provided no conflict of interest exists.

The Chair of each Committee will report back on Committee meetings to the Board at the next full meeting.

## 6. Delegation to CEO

The Board has delegated to the CEO the authority to manage Ellex's day to day affairs and the authority to control Ellex's affairs in relation to all matters other than those responsibilities reserved by the Board to itself in this Charter.

Specific limits on the authority delegated to the CEO are set out in the Delegation of Authority Policy approved by the Board. The Board may impose further specific limits on CEO delegations.

These delegations of authority will be maintained by the Company Secretary and will be reviewed by the Board as appropriate from time to time.

The CEO has authority to sub-delegate to the Management Team.

## 7. Membership

- 7.1. The Directors will determine the Board size and composition, subject to the limits established by Ellex's Constitution.
  - 7.1.1. Ellex's Constitution provides for a minimum of three Directors and a maximum of ten Directors.
  - 7.1.2. The Board will comprise a combination of Executive, Non-Executive and Independent directors.
  - 7.1.3. The positions of Chair and CEO are required to be held by separate persons.
  - 7.1.4. The Board shall be comprised of Directors:
    - i) who are all financially literate;
    - ii) at least one of whom has financial expertise; and
    - iii) with an appropriate balance of skills, experience, expertise and diversity and an understanding of, and competence to deal with, current and emerging issues of the business.
  - 7.1.5. Non-executive Directors and Independent will be engaged by a letter of appointment setting out the key terms and conditions of their appointment.
  - 7.1.6. Directors will be expected to participate in any induction or orientation programs on appointment, and any continuing education or training arranged for them.
  - 7.1.7. A quorum shall be two Directors.
- 7.2. Process of Selection and Appointment of New Directors

- 7.2.1. When a vacancy arises, the Board considers candidates with a broad range of skills, experience, and expertise, and from a diverse range of backgrounds. Candidates are considered on merit and against objective criteria, and with due regard for the benefits of diversity on the Board.
- 7.2.2. When the Board considers that a suitable candidate has been found, that person is appointed by the Board to fill a casual vacancy in accordance with Ellex's Constitution, but must stand for election by Shareholders at the next Annual General Meeting.

New Directors shall be given a thorough briefing by the Remuneration Committee on key Board issues and provided with appropriate background documentation. These issues shall include:

- i) Ellex's financial, strategic, operational and risk management position;
- ii) their rights, duties and responsibilities; and
- iii) the role of the Board and the Board Committees.

## 8. Term

- 8.1. All Directors shall submit themselves for re-election in accordance with the Constitution and the ASX Listing Rules, and at least at every third AGM.
- 8.2. Retiring Directors may be eligible for re-election.
- 8.3. Before each Annual General Meeting, the Chair will assess the performance of any Director standing for re-election and the Board will determine their recommendation to shareholders on the re-election of the Director (in the absence of the Director involved).

## 9. Independence

A non-executive Director and Independent Director is not a member of management and is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgement.

In assessing Independent Director independence the Board reviews the relationship that the Director, and the Director's associates, have with Ellex.

In determining whether a non-executive Director is independent, the Board considers whether the Director:

- 9.1. has been employed in an executive capacity by Ellex and there has been a gap of more than 3 years between ceasing that employment and serving on the board
- 9.2. is or has within the last 3 years been:
- 9.3. a partner, director, senior employee of a provider of material services to Ellex; or
- 9.4. in a material business relationship with Ellex, or associated with such a relationship;
- 9.5. is a, or an officer of, a substantial security holder of Ellex;
- 9.6. has a material contractual relationship with Ellex other than as director;
- 9.7. has close family ties with any person that falls within the categories above; or
- 9.8. has been a director for such a period that independence may be compromised eg 10 yrs

The Board will determine relevant materiality thresholds for the purposes of independence from time to time and will have regard to the specific circumstances of an individual non-executive Director.

The Board will regularly assess the independence of each Director in light of the interests disclosed by them. Each independent Director must provide the Board with all relevant information for this. The outcome of this assessment will be reflected in the corporate governance statement.

## 10. Director duties

Directors must at all times act in accordance with legal and statutory requirements, and discharge all their duties as Directors.

Directors must:

- 10.1. Discharge their duties in good faith and in Ellex's best interests and for a proper purpose;
- 10.2. Act with care and diligence, demonstrate commercial reasonableness in their decision-making and act with the level of skill and care expected of a Director of a major company;
- 10.3. Avoid conflicts of interest except in those circumstances permitted by the Corporations Act;
- 10.4. Not make improper use of information gained through their position as a Director;
- 10.5. Not take improper advantage of their position as a Director;
- 10.6. Notify other Directors of a material personal interest when a conflict arises;
- 10.7. Make reasonable enquiries if relying on information or advice provided by others;
- 10.8. Undertake any necessary inquiries in respect of delegates;
- 10.9. Give Ellex or ASX all the information required by the Corporations Act; and
- 10.10. Not permit Ellex to engage in insolvent trading.

## 11. Chair

- 11.1. The Board shall appoint the Chair of the Board.
- 11.2. The Chair shall be responsible for:
  - 11.2.1. Chairing Board meetings and shareholder meetings;
  - 11.2.2. leadership of the Board in reviewing and discussing Board matters;
  - 11.2.3. efficient organisation and conduct of the Board's function;
  - 11.2.4. briefing of all Directors on key issues arising at Board meetings;
  - 11.2.5. facilitating the effective contribution of all Directors and monitoring Board performance;
  - 11.2.6. guiding Board deliberations, free of undue bias;
  - 11.2.7. promoting constructive and respectful relations between Directors and between the Board and management;
  - 11.2.8. overseeing that membership of the Board is skilled and appropriate for Ellex's needs;
  - 11.2.9. reviewing corporate governance matters with the Company Secretary and reporting on those matters to the Board; and
- 11.3. The Chair shall work closely with the CEO, acting as a sounding board and providing counsel without dominance.
- 11.4. Should the Chair be absent from a meeting, the members of the Board present shall appoint a Chair for that particular meeting.

## 12. Meetings

- 12.1. All Board meetings will be conducted in accordance with Ellex's Constitution and the Corporations Act.
- 12.2. The Board shall meet formally at least ten times per annum and whenever necessary to deal with urgent matters which might arise between scheduled meetings. In addition to its formal meetings, the Board undertakes regular and relevant workshops.
- 12.3. On a regular basis the Directors will meet in private session (without management) to discuss management issues or matters of a particularly sensitive nature.
- 12.4. Any Director may convene a Board meeting or require the Secretary to do so, provided the Chair and Secretary have been given reasonable prior notice.
- 12.5. All Directors are generally expected to prepare adequately, attend and participate at each Board meeting.
- 12.6. Directors have a duty to question and raise any issues of concern to them. Matters are to be debated openly and constructively amongst the Directors. Individual Directors must utilise their particular skills, experience and knowledge when discussing matters at Board meetings.
- 12.7. Directors must keep Board discussions and resolutions confidential, except where they are required to be disclosed.
- 12.8. The Board may conduct meetings by telephone or videoconference.
  - 12.8.1. The Chairman will take reasonable measures to ensure that where possible, a quorum is formed for each meeting and for each agenda item.

## 13. Agenda

- 13.1. The Chair and CEO shall review the agenda for each meeting prior to its issue.
- 13.2. Any Director may require business to be included on the agenda provided the Chair and Secretary have been given reasonable prior notice of that business.

## 14. Attendance

- 14.1. Members of the Management Team will be invited to attend meetings and present on issues relevant to the Board, as required.
- 14.2. Other Ellex executives, External Auditors, Internal Auditors and external advisers may be invited by the Chair to attend part or all of any meeting.
- 14.3. No Executive Director shall be present at a Board meeting during deliberations concerning their position.

## 15. Minutes

- 15.1. Minutes of meetings of the Board shall be promptly prepared by the Secretary, approved by the Chair in draft and circulated to all Directors for comment.
- 15.2. Minutes of meetings of the Board shall be confirmed at the next meeting of the Board and then signed by the Chair.
- 15.3. The action list from each Board meeting will be approved by the Chair and circulated to all Directors with the minutes of the meeting.
- 15.4. The action list will include accountabilities and the nature and timing of subsequent reporting.
- 15.5. All minutes of the Board are to be entered in the minute book in compliance with applicable legislation and regulatory requirements.

## 16. Retention of board documents

- 16.1. Board minutes and the master copy of Board briefing materials shall be retained in compliance with applicable legislation and regulatory requirements.

## 17. Secretary

- 17.1. The Company Secretary shall act as Secretary of the Board and shall attend all meetings of the Board.
- 17.2. All Directors are to have access to the Company Secretary.
- 17.3. The Company Secretary shall:
- 17.3.1. monitor that Board policy and procedures are followed;
  - 17.3.2. organise Board meetings and Director attendance;
  - 17.3.3. co-ordinate the completion and dispatch of the Board agenda and briefing materials;
  - 17.3.4. prepare minutes of meetings and resolutions of the Board and take these to the Chair for approval and circulation;
  - 17.3.5. circulate minutes from Committee meetings to the Board;
  - 17.3.6. ensure Ellex's compliance with its requirements under the Corporations Act regarding registered office, annual returns and notices to be lodged with the Australian Securities and Investments Commission and ASX; and
  - 17.3.7. be accountable to the Board, through the Chair, on all governance matters.

## 18. Access to information

- 18.1. The Board and Committees must be provided with the information they need to efficiently discharge their responsibilities.
- 18.2. Management must supply the Board and Committees with information in a form, timeframe and quality that enables them to effectively discharge their duties.
- 18.3. All Directors are to receive copies of Committee Papers.
- 18.4. Directors are entitled to request and receive such additional information as they consider necessary to support informed decision-making.
- 18.5. Any Director has the authority to seek information directly from any employee or external party, including the Internal Auditors and External Auditors, provided that reasonable notice has been given having regard to the nature of the information being sought.
- 18.6. It is expected that any significant issues are communicated to the Chairman, CEO, CFO or Company Secretary.

## 19. Independent expert advice

- 19.1. The Board, an individual Director or a Committee may engage, at the expense of Ellex, an independent external adviser in relation to any Board matter.
- 19.2. Before the external advice is sought, consent needs to be obtained, which will not be unreasonably withheld. In the case of:
- 19.2.1. the Board – from the Chair;

- 19.2.2. an individual Director – from the Chair or the relevant Committee Chair, as the case may be;
  - 19.2.3. a Committee – from the Committee Chair;
  - 19.2.4. the Chair – from the Audit and Risk Committee Chair.
- 19.3. The Chair or a Committee Chair, as applicable, may determine that any external advice received by an individual Director be circulated to the remainder of the Board.

## **20. Performance assessment**

- 20.1. The performance of the Board, of each of its Committees, the Chairman and each Director, is reviewed annually against appropriate measures in a manner that the Board deems appropriate.
- 20.2. With the assistance of the Remuneration Committee, the Board will also review annually the performance and remuneration of the CEO and Management Team members.

## **21. Review of charter**

The Board is responsible for reviewing this Charter annually. The Charter may be amended by resolution of the Board.

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