

## BOARD CHARTER

### 1. INTRODUCTION

The Board of Directors (Board) is responsible for the overall corporate governance of BTC Health Limited (the Company) and is committed to adopting good corporate governance, considering best practice and applicable laws, requirements of the Corporations Act and ASX Listing Rules.

The Board acts on behalf of and is accountable to the shareholders by whom they are elected. It is a requirement of the Board that the Company always maintains the highest standards of ethics and integrity.

### 2. COMPOSITION OF THE BOARD

- The composition of the Board is determined considering requirements under the Corporations Act, ASX Listing rules and the Company's constitution. The following principles and guidelines are adopted: Directors are appointed by the Board and elected or re-elected by the shareholders of the Company. Non-executive directors are engaged through a letter of appointment.
- The Board will comprise at least three (3) but no more than ten (10) directors. The Board may appoint a Director to either fill a casual vacancy or as an addition, providing the Board complies with the composition requirements in the Company's Constitution and considering the framework of the skills required. The Board undertakes appropriate checks before appointing a new director or putting forward to shareholders a candidate for election and provides shareholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.
- The Board should comprise directors with an appropriate range of skills, qualifications and expertise. The Board may also engage an external consultant where appropriate to identify and assess suitable candidates who meet the Board's specifications. The composition of the board is discussed regularly, and each director may propose changes for discussion. Where practical, the Board will seek to comprise a majority of independent non-executive directors. In considering whether a director is independent, the Board has regard to the independence criteria in ASX Corporate Governance Principle 2 and any other information which may be deemed relevant.
- The Board only considers a director to be independent where he or she is free of any interest, position, association or relationship that might influence, or might reasonably be perceived to influence, in a material respect, his or her capacity to bring independent judgment to bear on issues before the Board, and to act in the best interests of the Company and its shareholders as a whole. The Board will assess the independence of each Director at least annually.
- A director may remain on the Board for not more than three (3) years without re-election. When a director is appointed during the year that director will hold office until the next Annual General Meeting and then be eligible for re-election
- The Chair is the official spokesperson for the Board, unless the Board determines otherwise. The Company has a policy of ensuring that all media comment is provided by the Chairman only.

### 3. INDEPENDENCE OF DIRECTORS

Directors must notify the Board immediately of any circumstances which may reasonably be perceived as potentially affecting the independence of that Director.

The Board discloses the names of the directors it considers to be independent directors. If the Board determines that a director's status as an independent director has changed, that determination should be disclosed and explained in a timely manner to the market.

In the event the Board proposes to discuss a matter which gives rise or may give rise to a conflict or a

possibility of a conflict of interest between the duties and obligations of the director to the Company and to another Company or interest, the director of the Company must declare the conflict. Should this situation arise, the director must not be present while the matter is being considered by the Board and will withhold the right to vote on the matter.

## **4. ROLE AND RESPONSIBILITY OF THE BOARD**

### **Role of the Board**

- represent and serve the interests of shareholders by overseeing and appraising the Company's strategies, policies, and performance. This includes overseeing the financial and human resources the Company has in place to meet its objectives and reviewing management performance;
- protect and optimise Company performance and build sustainable value for shareholders in accordance with any duties and obligations imposed on the Board by law and the Company's constitution and within a framework of prudent and effective controls that enable risk to be assessed and managed;
- set, review and monitor compliance with the Company's values and governance framework (including establishing and observing high ethical standards);
- seek to ensure the Company acts in accordance with its legal and other obligations;
- ensure shareholders are kept informed of the Company's performance and major developments affecting its state of affairs.

### **Responsibility of the Board**

The Board is responsible for the governance, management and performance of the Company, identifying areas of significant business risk and ensuring mechanisms are in place to manage those risks adequately. In addition, the Board sets the overall corporate strategy and financial targets with the aim of creating long-term value for shareholders and monitors achievement of goals. Key responsibilities and functions of the Board include:

- Appointment, delegation of authority, review of performance and determining remuneration of the CEO or Executive Chairman;
- Appointment of the Company Secretary;
- Establish executive and Board succession planning;
- Assessment of Board performance, including performance of individual directors prior to their standing for re-election;
- Ensuring directors are adequately skilled, providing continuing education and information where required;
- Approval and monitoring of all governance policies including but not limited to the business Code of Conduct, Whistleblower policy, Share Trading, Committee Charters and any other relevant Company policy;
- ensuring the Company maintains a commitment to diversity, equity and inclusion;
- reviewing, ratifying, and monitoring systems of risk management, internal control, and legal compliance, in consultation with the Audit and Risk Committee. This includes reviewing procedures to identify the main risks associated with the Company's business and the implementation of appropriate systems to manage these risks;
- Approval, evaluation and monitoring of Company budgets, forecasts and the strategic plan;

- Approval of major capital expenditure, mergers, acquisitions and divestitures of the Company;
- Approval of annual and half-year accounts and directors' reports;
- Review of reports and recommendations received from the external auditor during the process of reviewing the accounts and internal controls;
- monitoring and reviewing management processes aimed at ensuring the integrity of financial and other reporting systems, including the external audit;
- Ensuring that an appropriate framework exists for relevant information to be reported by management to the Board, and whenever required, challenge management and hold them accountable. In particular, ensure management reports include:
  - Detailed contemporary financial information
  - Information showing business performance against the Company's strategic objectives
  - Any changes in the Company's risks
  - Material legal and regulatory matters
  - Any breaches of the Code of Conduct
- Review and approval of reports from the company's insurance broker concerning the adequacy of insurance cover;
- Monitor and review the Company's operations in relation to, and compliance with legal and regulatory requirements;
- approving financial reports, budgets and forecasts and other reports required at law or under the ASX Listing Rules to be adopted by the Board;
- overseeing the Company's process for making timely and balanced disclosures of all material information concerning the Company;
- ensuring shareholders are kept informed of the Company's performance and major developments affecting its state of affairs;
- ensuring the Company's remuneration policies are aligned with the Company's purpose, values, strategic objectives and risk appetite;
- overseeing the Company's commitment to the health and safety of employees and contractors, the environment and sustainable development

## **Director Responsibilities**

- Directors will at all times act with honesty and integrity and will observe the highest standards of ethical behaviour;
- Directors will ensure that no decision or action is taken that has the effect of prioritising their personal interests over the Company's interests;
- Directors will be expected to participate in all induction and orientation programs and any continuing education or training arranged for them. The need for such continuing education and professional development for existing directors will be reviewed every year to ensure all directors maintain the skills and knowledge required to perform their role effectively; and
- The Board collectively, and each director individually, has the right to seek independent professional advice, subject to the approval of the chair of the Board (the "Chair"), or the Board as a whole.

## **Responsibility to mitigate Investment risk**

Given that the Company's business focus is that of providing equity capital to Australian enterprises endeavouring to exploit commercial opportunities in the life-sciences field, the major financial risk is that the company's investment will be lost or will materially lose value. This could occur under a variety of circumstances including where the underlying enterprise subsequently fails, or commercially suffers in a significant way, e.g. due to marketing difficulties or delays, product failure, serious management or funding problems, etc. The innovative nature of the investee enterprises also tends to increase the investment risk involved.

The Board endeavours to reduce investment risk by a number of means, including:

- requiring all investments to be made in full compliance with the Pooled Development Funds Act 1992 and the general rationale of the PDF Program;
- ensuring proper evaluation of new investment opportunities by means of a thorough due diligence assessment;
- ensuring investees have taken proper steps to secure their intellectual property rights;
- ensuring each investee has a proper business plan, financial budgets and has established clear, achievable, commercial goals;
- diversifying investment over a number of different companies, each aiming at a different potential market area or niche;
- appointing a director to the board of an investee company when possible.

## **5. CONFLICT OF INTEREST**

- Directors must take all necessary and reasonable steps to avoid conflicts of interest as described in the Company's Code of Conduct.
- A Director must disclose to the Chair and the Company Secretary any direct or indirect involvement in a competitor to the Company, as a shareholder or otherwise, including any personal interest in any transaction to be entered into by the Company which may conflict between the interests of the Company and the Director.
- The Director must not participate in any Board discussion on the transaction, refrain from voting on the transaction, and cannot in any way influence the Company's decision in relation to the transaction. Any potential conflict of interest shall be captured in the minutes of the meeting.
- If the Board determines that there is a material conflict of interest, the Board may require that the relevant director:
  - not receive the relevant papers; and / or
  - not be present at the meeting while the matter is considered
- The Company must document all reported conflicts of interest together with the measures taken in this regard.

## **6. BOARD DELEGATION TO MANAGEMENT**

The Board has delegated the responsibility for the operation and administration of the company to the Executive Chairman and the Company Secretary. The Board will ensure that management is appropriately qualified to discharge its responsibilities.

## **7. BOARD DELEGATION TO COMMITTEES**

- The Board may establish committees to streamline the discharge of its responsibilities and adopt a formal charter setting out the matters relevant to the composition, responsibilities and administration of such committees.

The Board at present has only one sub-committee namely, the Audit and Risk Committee. The responsibilities of the committee are set out in the Audit and Risk Committee Charter.

- The Board shall review the effectiveness of the Committees against its charter, on an annual basis, in conjunction with the Chair of the relevant Committee.
- The Board will deal with matters referred to it by the Board Committee.
- All Non-Executive Directors shall be entitled to attend meetings of Board Committees where there is no conflict of interest

## 8. BOARD PROCESS

### Meetings

- The Board will meet regularly and directors will use all reasonable endeavours to attend Board meetings in person.
- The Board may at any time convene an unscheduled meeting of the Board to consider urgent or other matters.
- Periodically, non-executive directors may meet without the CEO/Executive Chair or management present.
- Senior Executives will be invited to attend meetings as required. Other Company executives, External Auditors, Internal Auditors and advisers, as the Chair sees fit, may be invited to attend meetings.
- No executive Director shall be present at a Board meeting during deliberations concerning their position.
- Board papers shall be provided to Directors sufficiently far in advance of scheduled meetings to permit adequate preparation.
- Any action permitted to be taken at any meeting of the Board may be taken without a meeting, if a written consent thereto is signed by all Directors entitled to vote on the resolution, provided that such written consent shall be filed with the minutes of the proceedings of the Board.
- The Company's constitution governs the regulation of Board meetings and proceedings.

### The Chair

- The Board will appoint one of its members to be Chair.
- It is preferable that the role of the Chair is separated from that of the CEO. However, the Company recognizes that this may not always be practicable, considering the size of the Company and stage of development.
- The Chair represents the Board to the shareholders and communicates the Board's position.
- The Chair shall be responsible for:
  - leadership of the Board;
  - the efficient organisation and conduct of the Board's functions;
  - establishing the agenda for Board meetings in consultation with the CEO (where role is

held by a separate individual) and Company Secretary;

- briefing of all directors in relation to key issues arising;
  - guiding Board deliberations, free of undue bias;
  - promoting constructive and respectful relations between directors, and between Board and management;
  - chairing Board and shareholder meetings.
  - oversee the systematic, effective and efficient conduct of the AGMs, adopt appropriate procedures to ensure effective communication with the shareholders of the Company, and communicate any concern with respect to same to the Board
- Should the Chair be absent from a meeting, members of the Board present shall appoint a Chair for that particular meeting.

#### The Company Secretary

- The Board will appoint at least one Company Secretary who is accountable to the Board on all matters to do with the proper functioning of the Board.
- The duties of the Company Secretary are to:
  - assist the Chair with the organisation of Board meetings;
  - ensure that new Directors are properly inducted and introduced to the business of the Company;
  - ensure that Directors receive all information which is necessary for the proper performance of their duties on a timely basis and ensure that such information is current, accurate, and relevant;
  - ensures adequate time in Board meetings is allotted for consultation and decision-making by the Board;
  - ensure that the Board and its Committees act in accordance with all applicable laws, policies, procedures and standards;
  - provide advice and services to all Directors and committees, as required; and
  - communicate with the regulatory bodies and ASX on statutory requirements and fillings.
- All directors will have direct access to the Company Secretary.

## 9. RIGHTS OF SHAREHOLDERS

The Board strives to communicate effectively with shareholders, give them ready access to balanced and understandable information about the business and make it easy for them to participate in shareholder meetings. Comprehensive information about the company and its governance is provided via the website [www.btchealth.com.au](http://www.btchealth.com.au). This includes information about the Board, as well as corporate governance policies. All announcements, presentations, financial information and meetings materials disclosed to the ASX are placed on the website, so that current and historical information can be accessed readily.

## 10. DIRECTORS RIGHTS TO INDEPENDENT ADVICE

The Board has procedures to allow directors, in the furtherance of their duties as directors or members of a Committee, to seek independent professional advice at the Company's expense, subject to the prior written approval of the Chair.

## 11. REVIEW

- This Charter will be reviewed by the Board once every two (2) years to ensure it remains effective and meets the best practice, listing rules and the Company's needs.
- The amendment or revocation of this Charter may only be effected by a resolution of the Board.
- **The Charter will be available on the Company's website within a reasonable time after any such updates or amendments have been approved.**