

# Aroa Biosurgery Limited

## Board Charter

### Introduction

The board of directors (**Board**) of Aroa Biosurgery Limited (**Company**) is committed to principles of good corporate governance and practice. This charter sets out the principles on which the board will manage its affairs and discharge its responsibilities. This charter operates in conjunction with the constitution of the company, relevant laws and the listing rules of ASX (**ASX Listing Rules**).

### Responsibilities/Authority of Directors and Delegations

The Board is responsible for setting the strategic direction of the Company and for overseeing and monitoring the Company's business and affairs. The Board is accountable to shareholders for the performance of the Company.

The day to day management of the Company's business and implementation of its strategy are delegated to the Chief Executive Officer (**CEO**) and by the CEO, to other senior executives. Management is responsible for providing the Board with accurate, timely and clear information to enable the board to perform its responsibilities.

The functions of the Board include:

- Demonstrating leadership.
- Setting the strategic direction for the Company.
- Approving the Company's strategies, objectives and plans, and monitoring the implementation of such strategies to achieve the Company's objectives.
- Reviewing and approving financial plans, annual budgets and major capital expenditure, and monitoring the financial performance of the Company.
- Establishing and approving the Company's statement of values and code of conduct to underpin the desired culture of the Company, and ensure that appropriate training in those values is provided to executive management and employees.
- Approving systems and controls within a framework which enables identification, assessment and management of risks.
- Reviewing and overseeing the operation of the Company's accounting and corporate reporting systems and systems of risk management, internal compliance, internal controls and reporting and codes of ethics.
- Overseeing the Company's process for making timely and balanced disclosure of all material information concerning the Company
- Appointing and (where appropriate) removing the CEO, approving other senior executive appointments, planning for executive succession and monitoring the performance of the CEO and other senior executives.
- Whenever required, challenging management and holding it to account.
- Reviewing and approving the company's remuneration policies and ensuring they are aligned with the Company's purpose, values, strategic objectives and risk appetite.
- Ensuring appropriate resources are available to management.

- Adopting appropriate procedures and monitoring the Company's compliance with laws including health and safety laws, regulations, listing rules and accounting standards.
- Reporting to shareholders on the Company's performance on a timely basis.
- Monitoring the effectiveness of the Company's governance practices.

### **Chair**

The Board elects the chairperson (**Chair**) in accordance with the Constitution.

To the extent practicable given the size and composition of the Board from time to time, the Chair will be an independent director who is selected on the basis of the person's achievements and record as a leader. The role of the Chair and the CEO must not be exercised by the same individual.

The Chair is responsible for leadership of the Board, for the efficient organisation and conduct of the Board's function, and for the briefing of all the directors in relation to issues at Board meetings.

The Chair may be moved from office in accordance with the Constitution or relevant laws.

### **Non-executive officers**

In accordance with statutory requirements and in keeping with developments at common law, the non-executive directors should provide an independent and non-bias view on matters before the Board, and retain an over-arching role of guiding the Board and management with respect to the affairs of the Company including:

- a) exercising their powers and discharging their duties in good faith and in the best interests of the Company;
- b) using their powers of office for a proper purpose and not for personal advantage or for the benefit of another party;
- c) use care and diligence;
- d) maintain and use an independent questioning mind with respect to matters at the Board;
- e) actively engage in the conduct of Board matters
- f) provide guidance to the CEO and other senior executives with respect to the strategic direction of the Company and any operational issues that may arise;
- g) to the extent practicable, attend all Board meetings and Board functions unless there are valid reasons for non-attendance; and
- h) commit the necessary time and energy to Board matters to ensure that they are contributing their best endeavours in the performance of their duties for the benefit of the Company.

### **Managing director and CEO**

- a) The CEO is appointed (and where necessary replaced) by the Board.
- b) The CEO is responsible for the ongoing management of the Company in accordance with the strategy, policies and programs approved by the Board.
- c) The CEO must develop alongside the Board a consensus for the Company's vision and direction and construct with other senior executives programs to implement the vision.

- d) The CEO is responsible for carrying out the day to day management of the Company, including implementing the strategic objectives and operating within the risk appetite set by the Board.
- e) The CEO must keep the Board informed of all the activities of the Company which are considered relevant to the Board (including price sensitive information, quantitatively or qualitatively material information relating to the Company, information relevant for consideration of material risks, matters outside the business plan and information which a normal prudent Board would expect to be aware of and consider).
- f) The managing director must:
  - a. exercise their powers and discharge their duties in good faith and in the best interests of the Company.
  - b. use their powers of office for a proper purpose and not for personal advantage or for the benefit of another party;
  - c. use care and diligence;
  - d. attend all Board meetings and Board functions unless there are valid reasons for non-attendance.

All senior executives in the Company should be employed under written agreements setting out the terms of their appointment.

### **Company Secretary**

The Secretary of the Company is accountable directly to the Board, through the Chairperson, on all matters to do with the proper functioning of the Board.

The role of the Company Secretary includes, among other things:

- Advising the Board and its committees on governance matters;
- Monitoring the Board and committee policy and procedures are followed;
- Coordinating the timely completion and despatch of Board and committee papers;
- Ensuring that the business at Board and committee meetings is accurately captured in the minutes; and
- Helping to organise and facilitate the induction and professional development of directors.

The decision to appoint or remove a company secretary should be made or approved by the Board.

### **Committees of the Board**

The Board has the authority to establish committees to assist it in carrying out its responsibilities and to delegate powers accordingly to the committees. The Board shall adopt a formal charter that sets out the delegated functions and responsibilities, the composition and the administrative matters relating to a committee. The Board currently has the following formal committees:

- a) Audit and Risk Committee
- b) Remuneration and Nomination Committee

The Board is responsible for the oversight of its committees including reviewing each committee's composition, structure, charter and performance.

In addition to these permanent committees, the board may also form ad hoc committees for specific purposes or projects, from time to time.

### **Board composition**

The composition of the Board shall be not less than five (5) and not more than seven (7) directors. The Chairperson of the Board shall be an independent director and shall not be the CEO. A majority of the Board shall be independent.

When considering “independence” the Board shall have regard to the ASX published “Corporate Governance Principles and Recommendations” and the factors outlined as relevant to independence which include the materiality of the interest, position, association or relationship, to determine whether it might interfere, or might reasonably be seen to interfere, with 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 entity and its shareholders generally.

The Board shall disclose which Directors it considers to be “independent”. The Board will regularly review the independence of each Director in light of interests disclosed and will disclose any changes to the market in compliance with the ASX Listing Rules.

The Board will develop, and review on an annual basis, a Board skills matrix setting out the mix of skills that the Board has or is looking to achieve in its membership. The Board skills matrix will be made available on the Company’s website.

### **Appointment and retirement of Directors**

The Nomination Committee will regularly review the structure, composition, skill mix, experience, independence and diversity of the Board.

The procedure for nomination, appointment and retirement of Directors is set out in the Constitution of the Company, in the Remuneration and Nomination Committee Charter and is also subject to the requirements of law and the ASX Listing Rules.

### **Board Meetings**

The Board will meet as often as it deems appropriate. The Board meeting agenda and relevant papers will be provided to Directors sufficiently prior to Board meetings. Directors will keep confidential Board discussions, deliberations and decisions that are not publicly known.

Confidential Information received by a Director in the course of the exercise of directorial duties remains the property of the Company and will not be disclosed unless properly authorised or required by law.

Directors are entitled to have access to management and external auditors in order to seek explanation, in consultation with the CEO.

### **Remuneration of Directors**

Remuneration of non-executive directors is determined in maximum aggregate by the shareholders, and is allocated by the Board on the recommendation of the Remuneration and Nomination Committee.

Directors are not required to hold shares in the Company as part of their appointment.

Reasonable expenses incurred by a Director in discharging their obligations and performing their duties will be reimbursed by the Company, consistent with Company policies which are established from time to time.

There is no plan to provide remuneration, reward or other benefits to non-executive Directors upon the cessation of them holding office as a Director.

### **Indemnity and Insurance**

The Company holds an insurance policy for its Directors and grants Directors an indemnity, which indemnifies Directors to the maximum extent permitted by law.

### **Conflicts of Interest**

Directors are required to disclose any conflicts or potential conflicts of interest to the Board. These disclosures will be noted in the Company's interest register.

If a conflict of interest arises, the Director concerned will not receive Board papers relating to that matter. When that matter comes before the Board for discussion, that Director will absent him/herself from the meeting and will abstain from voting on the issue, unless the relevant resolution is one in respect of which all Directors are required to sign a certificate or it relates to the granting of an indemnity under section 162 of the Companies Act. Any material interests will be disclosed in the Annual Report and the accounts.

### **Board Appraisals/Performance Evaluation**

The Board will annually review its overall performance as well as the performance of the Board committees and individual directors. The Board will select a suitable non-executive director to conduct the performance evaluation of the Chair after having canvassed the view of the other directors. The Board will, if it considers it appropriate, obtain the assistance of independent professional consultants to assess the performance of the Board and to examine ways of assisting the Board in performing its duties more effectively.

The Board must confirm whether a performance evaluation has been undertaken in its Annual Report or Corporate Governance Statement.

### **Independent Professional Advice**

A Director has the right to obtain independent professional advice should it be necessary in order to perform his or her duties and responsibilities as a Director. The prior approval of the Chairman is required before incurring any costs that will be borne by the Company.

### **Letters of appointment, Director induction and continuing education**

The Company provides formal induction for new Directors. A letter of appointment outlining the Board's expectation of the Director and any particular terms of appointment are provided to new non-executive directors. In the case of executive directors, the terms and conditions of appointment will be set out in the executive director's employment agreement or in an addendum to it.

The Company has formal and informal processes to educate new and existing Directors about the nature of the business, current issues and the corporate strategy.

### **Review of Charter**

The Board is responsible for reviewing this Board Charter to determine if it remains appropriate to the needs of the Company, from time to time.