

# IMRICOR MEDICAL SYSTEMS, INC.

## BOARD CHARTER

### 1 Introduction

The purpose of this Board Charter (**Charter**) is to set out the role, responsibilities, structure and processes for the Board of Directors (**Board**) of Imricor Medical Systems, Inc. (**Imricor**).

### 2 Objectives and duties

#### 2.1 Key objectives

The Board of Imricor is ultimately responsible for the overall direction of Imricor and oversight and review of the management, administration and overall governance of Imricor, including:

- (a) the protection of securityholders' interests;
- (b) defining Imricor's purpose and demonstrating leadership;
- (c) creating a statement of values which underpins the culture of Imricor;
- (d) focussing on Imricor's reputation and standing in the community in which it operates;
- (e) establishing an appropriate risk management framework for Imricor, and in doing so determine the level of risk that Imricor is prepared to accept;
- (f) monitoring the effectiveness of Imricor's governance practices;
- (g) authorising policies and overseeing the strategic direction of Imricor;
- (h) establishing goals for management and monitoring the achievement of these goals; and
- (i) engaging, reviewing and replacing the Chief Executive Officer.

The Board does not participate in the day-to-day affairs or management of Imricor, but will rely on the senior executive team to provide the Board with accurate, timely and clear information on Imricor's operations to enable the Board to perform its responsibilities.

#### 2.2 Duties of the Board

In carrying out its responsibilities the Board will at all times recognise its responsibility:

- (a) to act honestly, fairly and diligently in the best interests of all stockholders;
- (b) to act in accordance with relevant laws and regulations;
- (c) to act in accordance with all relevant Imricor group policies; and
- (d) to avoid or manage conflicts of interests.

### **3 Composition of the Board and term of office**

#### **3.1 Composition**

The Board will, subject to the provisions of Imricor's constituent documents, be responsible for:

- (a) determining the size and composition of the Board;
- (b) considering the necessary and desirable competencies of Board members;
- (c) reviewing membership of the Board and considering the appointment and re-election of Board members; and
- (d) appointing the Chairman of the Board.

The Board will ideally be composed of:

- (a) a majority of independent non-executive directors;
- (b) directors with an appropriate range of skills, knowledge, experience, independence and diversity;
- (c) directors who can understand and competently deal with current and emerging business issues; and
- (d) directors who can effectively review and challenge the performance of management and exercise independent judgement.

As a relatively small company (amongst those listed on the ASX), Imricor may face particular issues in ensuring that aspects of the ideal composition for the Board (as set out above and in section 6.1 below) is met. For instance, while Imricor will aim for the Board to have a majority of independent directors and an independent Chairman, this may not always be possible, particularly while the operations of Imricor are at the development and early commercialisation stage.

#### **3.2 Independence**

- (a) If a director is or becomes aware of any information, facts or circumstances that will or may affect that director's independence, including the acceptance of any new role that could impact the director's time and commitment to Imricor, the director must immediately disclose all relevant details in writing to the Chief Executive Officer and the Chairman.
- (b) The Board will regularly assess the independence of each non-executive director. The assessment will ideally be made at least annually at or around the time that the Board considers candidates for election to the Board. In the case of changes in a non-executive director's interests, positions, associations or relationships, the review should be made as soon as practicable after the Board becomes aware of the change. If the Board determines that a director's status as an independent director has changed, the determination will be disclosed and explained to the market in a timely manner.
- (c) An independent director is a non-executive director who is free of any interest, position, association or relationship (whether a business and personal relationship) that might influence, or reasonably be perceived to influence, in a material respect, his or her capacity to bring

independent judgement to bear on issues before the Board and to act in the best interests of Imricor and its securityholders generally.

- (d) In considering from time to time whether a director is independent and the criteria against which the Board determines the materiality of a relationship, the Board is to have regard to:
- (i) the guidance relevant to assessing the independence of a director contained in the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*;
  - (ii) developments in international corporate governance standards;
  - (iii) the tenure of a director with Imricor, and their relationship with management; and
  - (iv) any independent professional advice sought by the Board at its discretion.
- (e) The Board considers an interest, position, association or relationship to have an effect of a kind described in paragraph (c), where it is of substance and consequence and there is a real and sensible possibility that it would affect the director's judgement across many or all aspects of the director's role.

### **3.3 Commitment**

Non-executive directors are expected to devote the necessary time to discharge their duties. It is Board policy that prior to their appointment, non-executive directors must provide the Chairman with details of their other ongoing commitments and an indication of time involved in fulfilling those commitments and to acknowledge that they will have adequate time to meet what is expected of them as a director of Imricor. Further, they should consult with the Chairman, or the Board, and should inform the Nomination and Remuneration Committee, before accepting any appointment as a director of another company.

### **3.4 Term**

All directors are required to submit themselves for re-election in accordance with the terms of Imricor's constituent documents.

To ensure the Board has the benefit of regular new input and to avoid the potential for loss of objectivity over time, directors should retire after holding office for 10 years (including time served before Imricor was listed on the ASX). However, this policy does not encourage the retirement of a director after a 10 year term if their ongoing candidacy is recommended by the Nomination and Remuneration Committee.

## **4 Role and responsibilities of the Board**

The Board's responsibilities include:

### **4.1 Strategy and planning**

- (a) Reviewing and approving corporate strategies, objectives, budgets, plans and policies developed by management and evaluating the performance of Imricor against those strategies and business plans with a goal to:
- (i) maximise securityholder wealth;

- (ii) monitor the performance of functions delegated to management, including the progress of major capital expenditure, capital management, acquisitions, divestitures and strategic commitments;
  - (iii) instil and continuously reinforce a culture across Imricor in line with its values; and
  - (iv) assess the suitability of Imricor's overall strategies, business plans and resource allocation.
- (b) Monitoring financial and business results to understand the financial position of Imricor.
  - (c) Monitoring and assessing Imricor's capital structure to determine whether it remains appropriate.

#### **4.2 Reporting**

- (a) Monitoring communications to securityholders and the ASX (including disclosures made under the ASX continuous disclosure requirements).
- (b) Approving the annual report and financial statements and other reports to stockholders or the ASX.
- (c) Monitoring the integrity of reporting.
- (d) Calling meetings of stockholders.

#### **4.3 Risk management and internal controls**

- (a) Approving Imricor's risk management framework and internal compliance and controls systems relevant to both financial and non-financial risk.
- (b) Implementing a process for regularly reviewing the performance of the Board, the committees established by the Board and individual directors.
- (c) Overseeing management's implementation of systems to monitor and address the financial, operational and business risk management policies.
- (d) Implementing appropriate procedures to ensure compliance with all applicable laws.
- (e) Monitoring compliance with regulatory requirements.
- (f) Considering the adequacy of insurance cover.

#### **4.4 Corporate governance**

- (a) Regularly reviewing and approving Imricor's corporate governance policies and procedures.
- (b) Evaluating compliance with Imricor's corporate governance policies and procedures.

#### **4.5 Personnel**

- (a) Appointing and, where appropriate, removing the Chief Executive Officer.

- (b) Appointing and, where appropriate, removing a company secretary.
- (c) Regularly evaluating the performance of the Chief Executive Officer and executives.
- (d) Reviewing and approving the remuneration framework for directors and senior executives of Imricor.
- (e) Ensuring appropriate resources are available to management, to enable management to carry out its duties.
- (f) Considering material changes in personnel policies and strategies.
- (g) Approving short-term and long-term incentive plans (including equity-based incentive plans).

## **5 Delegation of authority**

### **5.1 *Delegation to management***

The Board has ultimate responsibility for the strategic direction and control of Imricor and its subsidiaries (if any). The Board delegates management of Imricor's resources to the executive team under the leadership of the Chief Executive Officer, to deliver the strategic direction and goals determined by the Board. A key function of the Board, which is conducted at Board meetings, is to oversee and monitor the performance of executives in this function.

### **5.2 *Delegation to committees***

The Board, from time to time, establishes committees to streamline the discharge of its responsibilities and, for each standing committee, adopts a formal charter setting out the matters relevant to the composition, responsibilities and administration of such committees. The Board has, at the date of this Charter, established the:

- (a) Audit and Risk Committee; and
- (b) Nomination and Remuneration Committee.

The Board may also delegate specific functions to ad hoc committees on an "as needs" basis. The powers delegated to these committees will be set out in Board resolutions. The split of powers between the Board, committees and senior management will be determined by the Board. Regular review of the division of responsibilities to ensure they remain appropriate to the needs of Imricor should be undertaken.

## **6 Appointment and responsibilities of Chairman and Lead Independent Director**

### **6.1 *Chairman***

The Board will appoint a Chairman in accordance with Imricor's constituent documents.

Ideally, the Chairman will be an independent non-executive director – although it is acknowledged that this may not be possible given the size and stage of development of Imricor.

The responsibilities of the Chairman are to:

- (a) maintain effective communication between the Board and management;

- (b) lead the Board;
- (c) ensure the efficient organisation and conduct of the Board's function;
- (d) brief all directors in relation to issues arising at Board meetings;
- (e) chair general meetings of Imricor; and
- (f) exercise such specific and express powers as are delegated to the Chairman by the Board from time to time.

## **6.2 *Lead Independent Director***

The Board may appoint a Lead Independent Director. If it does, the Lead Independent Director must be a non-executive director who satisfies the criteria for independence in this Charter.

Subject to Imricor's by-laws, any Lead Independent Director will:

- (a) with the Chairman, establish the agenda for regular Board meetings;
- (b) serve as chair of Board meetings in the absence of the Chairman or where the Chairman is conflicted;
- (c) establish the agenda for meetings of the independent directors;
- (d) coordinate with the committee chairs regarding meeting agendas and informational requirements;
- (e) preside over meetings of the independent directors;
- (f) preside over any portions of meetings of the Board at which the evaluation or compensation of the Chief Executive Officer is presented or discussed;
- (g) preside over any portions of meetings of the Board at which the performance of the Board is presented or discussed; and
- (h) perform such other duties as may be established or delegated by the Chairman or the Board of Directors.

If there is no Lead Independent Director, the responsibilities above (so far as they are relevant) will be undertaken as determined by the Board.

## **7 The role of management**

The day-to-day management of Imricor and its businesses is the responsibility of the Chief Executive Officer, supported by the executive team.

The Board delegates to the Chief Executive Officer the necessary powers to manage the day-to-day business of Imricor, subject to those powers reserved to the Board in section 4.

The key responsibilities of the Chief Executive Officer are to:

- (a) manage and administer the day-to-day operations of Imricor and its subsidiaries (if any) in accordance with the strategy, business plans and policies approved by the Board;
- (b) develop strategies for Imricor and its subsidiaries (if any), its businesses and management, and make recommendations to the Board on such strategies;
- (c) develop Imricor's annual budget and conduct Imricor's activities within the approved annual budget;
- (d) develop and maintain Imricor's risk management systems, including internal compliance and control mechanisms;
- (e) assign responsibilities clearly to the executive team, and supervise and report on their performance to the Board;
- (f) recommend to the Board significant operational changes, and major capital expenditure, acquisitions or divestments, which are beyond any delegated thresholds;
- (g) report regularly to the Board with timely and quality information, such that the Board is fully informed to discharge its responsibilities effectively; and
- (h) exercise such additional powers as are delegated to the Chief Executive Officer by the Board from time to time.

## **8 Role of company secretary and ASX representative**

The Company will have an ASX representative under ASX Listing 12.6 (**ASX Representative**), and may also have a company secretary. If the Board appoints a separate company secretary, his or her responsibilities will include:

- (a) organising Board and Board committee meetings, including preparing agendas and papers;
- (b) preparing minutes of Board and Board committee meetings;
- (c) monitoring completion of action items arising from Board and Board committee meetings;
- (d) providing governance, administrative, technical and other support to the directors;
- (e) retaining professional advisers at the request of the Board or a Board committee; and
- (f) helping to organise and facilitate the induction and professional development of directors.

The ASX Representative will:

- (g) keep Australian statutory records up to date;
- (h) attend to the statutory requirements relating to Imricor's registered office in Australia, annual returns and lodgement of other documents with ASIC and the ASX; and
- (i) monitor compliance with Board and Board committee policy and procedures (in conjunction, where necessary, with the company secretary or Chief Financial Officer).

The company secretary (if appointed) will attend all Board and Board committee meetings.

All directors will have direct access to the ASX Representative and any company secretary, and vice versa.

## **9 Governance**

### **9.1 Code of Conduct**

All directors are expected to comply with the Code of Conduct adopted by the Board, and any breach of the Code of Conduct must be reported to the Chairman.

### **9.2 Conflicts of interest**

Directors are required to take all reasonable steps to avoid actual, potential or perceived conflicts of interest with Imricor.

Each director has a duty not to place themselves in a position that gives rise to a real or substantial possibility of conflict, whether it be a conflict of interest or conflict of duties. Each director is required:

- (a) to ensure that the Board is notified (whether by formal standing notice or declaration immediately on becoming aware) of any interest that may give rise to a real or substantial possibility of conflict, including any material personal interests; and
- (b) if any matter that is, or is likely to be, brought before the Board could give rise, or be perceived to give rise, to a real or substantial possibility of conflict, then the director:
  - (i) must disclose this to the Board;
  - (ii) will continue to receive Board papers or other information that relates to the matter that is the subject of the conflict of interest, unless the director requests, or the Chairman determines, that they not receive any or all of those documents; and
  - (iii) must withdraw from any part of a Board or committee meeting for the duration of any discussion in relation to the matter and not vote on the matter, unless a majority of directors who do not have an interest in the matter resolve that the disclosed interest should not disqualify the director.

### **9.3 Confidentiality**

Each director has a duty to maintain the confidentiality of information they learn by virtue of their position as director.

### **9.4 Trading in Imricor's securities**

Each director must comply with the policy for trading in Imricor's securities.

## **10 Administrative matters**

The Board will determine a schedule of meetings at the beginning of each year.

Additional meetings will be held as required to address specific issues.



Senior executives will be invited to attend Board or committee meetings (or parts of meetings) from time to time where the Board or committee considers their involvement will assist the consideration of items of business before the meeting.

All minutes of the Board or a committee are required to be signed by the Chairman of the meeting as a true and correct record.

#### **11 Independent advice**

The Board collectively, and each director individually, may obtain independent professional advice at Imricor's expense, as considered necessary to assist in fulfilling their relevant duties and responsibilities.

Individual directors who wish to obtain independent professional advice should seek the approval of the Chairman (acting reasonably), and will be entitled to reimbursement of all reasonable costs in obtaining such advice. In the case of a request made by the Chairman, approval is required by the Lead Independent Director (if any), and otherwise the Board excluding the Chairman.

#### **12 Inconsistency with constituent documents**

To the extent that there is any inconsistency between this Charter and Imricor's constituent documents, the constituent documents will prevail.

#### **13 Review of this Charter**

The Board will periodically review this Charter to determine its adequacy.

Approved by the Board of Directors of Imricor Medical Systems, Inc.