

BOARD CHARTER

TELETHON INSTITUTE FOR CHILD HEALTH RESEARCH ("INSTITUTE")

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BOARD CHARTER

TELETHON INSTITUTE FOR CHILD HEALTH RESEARCH ("INSTITUTE")

1. Overview

The objectives of the Institute are set out in the Institute's Rules.

This Board Charter sets out the role and responsibility of the Board of the Institute in achieving the Institute's primary and other objectives and sets out a framework for the administration of best practice in corporate governance.

2. Role of the Board

- (a) The role of the Board is to provide leadership for and supervision over the Institute's affairs.
- (b) The Board's key objectives are to:
 - (i) increase the Institute's value to members and stakeholders within an appropriate framework which safeguards the rights and interests of the Institute's members and stakeholders;
 - (ii) ensure the Institute is properly managed; and
 - (iii) advance the Institute's mission.

3. Board Composition

- (a) The composition of the Board shall be reviewed regularly to ensure an appropriate mix of expertise, skills and experience to assist with the achievement of the strategic direction of the Institute.
- (b) The size of the Board shall be determined in accordance with the Rules of the Institute.

4. Rules

The Board is responsible for ensuring compliance with the Rules of the Institute at all times.

5. Compliance with Laws

The Board is responsible for ensuring compliance of the Institute with the *Corporations Act 2001 (Cth)*, as well as and all other applicable laws and statutes including:

- (a) legislation and regulations relating to the Institute's specific activities, ie health research;

- (b) occupational health and safety legislation;
- (c) employment laws;
- (d) anti-discrimination legislation; and
- (e) the Trade Practices Act 1974.

6. Duties and Responsibilities of the Board

The Board is collectively responsible for promoting the success of the Institute by:

- (a) reviewing and approving the strategic direction of the Institute, including its vision, mission and values, in conjunction with senior management;
- (b) monitoring the Institute's performance in achieving its mission in accordance with the Institute's vision and strategy and stakeholder expectations;
- (c) developing an appropriate culture within the Institute to promote and enforce ethical behaviour;
- (d) ensuring corporate accountability to stakeholders;
- (e) supervising the Institute's framework of control and accountability systems to enable risk to be assessed and managed;
- (f) ensuring the Institute is properly managed, for example by:
 - (i) appointing and, where appropriate, removing the Scientific Director of the Institute;
 - (ii) approving remuneration for the Scientific Director and reviewing remuneration policies and succession plans for the managing directors and senior management.
 - (iii) input into and final approval of management's development of corporate strategy and performance objectives;
 - (iv) reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct, and legal compliance;
 - (v) monitoring senior management's performance and implementation of strategy, and ensuring appropriate resources are available;
- (g) approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures;
- (h) approving the annual budget;
- (i) monitoring the financial performance of the Institute;

- (j) approving and monitoring the achievement of non-financial objectives of the Institute;
- (k) approving and monitoring financial and other reporting;
- (l) liaising with the Institute's external auditors and Finance Committee; and
- (m) providing overall corporate governance of the Institute, including conducting regular reviews of the balance of responsibilities within the Institute to ensure division of functions remain appropriate to the needs of the Institute.

7. Specific Responsibilities

(a) Chairperson

The chairperson of the Board shall be appointed in accordance with the Institute's Rules and wherever possible shall be a non-executive director.

The chairperson has a role as the head of the Board in providing leadership of the board and leadership in the strategic direction of the Institute. The chairperson is responsible for the efficient organisation and conduct of the Board function.

The key responsibilities of the chairperson are set out in the role description for the Chairman.

(b) Scientific Director

The Scientific Director is responsible for running the affairs of the Institute under delegated authority of the Board and for implementing the policies and strategies set by the Board.

In carrying out his/her responsibilities the Scientific Director must report to the Board in a timely manner and ensure all reports to the Board present a true and fair view of the Institute's condition and operating results.

The Scientific Director must ensure that all transactions outside his/her delegation levels are referred to the Board for approval.

(c) Individual Directors

Individual directors are responsible for ensuring the Board is performing its duties and responsibilities as set out in this charter.

The duties and responsibilities of the directors are more fully set out in the role description for directors.

(d) Secretary

The secretary is responsible for carrying out the administrative and legislative requirements of the Board.

The duties and responsibilities of the Secretary are more fully set out in the role description for the Secretary.

8. Board Meetings

The Board shall meet in accordance with the Rules of the Institute.

Directors shall ordinarily receive relevant Board papers a reasonable time before each meeting.

The chairperson may request the attendance of any person at the meeting who is responsible for, or associated with, a matter included as an agenda item at a meeting.

9. Board Committees

The Board may establish committees to assist in the execution of its responsibilities.

The Board has established the following committees:

- (a) Appointments and Promotions Committee;
- (b) Building Artworks Committee;
- (c) Capital Fund Committee;
- (d) Finance Committee;
- (e) Development Committee;
- (f) Intellectual Property Commercialisation Committee;
- (g) Scientific Advisory Committee.

The Board shall adopt committee charters in respect of all committees, addressing the membership, delegated authority, function and reporting obligations of the committee, and any other matters the Board determines relevant to such committee.

The Board shall appoint members to the committees and make changes to that membership.

The Board shall regularly evaluate the operations of the committees.

10. Appointment of Directors

(a) Appointment

Directors shall be initially appointed by the full Board in accordance with the Institute's Rules, subject to election by members at the next general meeting.

All appointment processes and decisions shall be recorded by the Board.

(b) Terms and Conditions

All new directors appointed to the Board shall receive a letter of appointment from the chairperson, which sets out the basis of appointment.

The letter of appointment shall include a copy of all information and documentation relevant to the operations of the Board and that director's role, including the Board Charter and the Institute's Rules.

(c) Induction and Briefings

All new Board members shall be given an induction.

The Board induction process involves the following activities:

- (i) a meeting with the chairperson to discuss expectations and responsibilities;
- (ii) a meeting with the Scientific Director to discuss key personnel and current Institute operations;
- (iii) the provision of a comprehensive package of briefing materials in relation to the Institute; and
- (iv) visits to Institute premises and facilities and meetings with management as appropriate.

(d) Continuing Education

From time to time all directors will be briefed by management regarding the Institute, the factors impacting or likely to impact on its activities and to assist non-executive directors in gaining a broader understanding of the Institute.

Directors are encouraged to keep up to date on relevant topical issues.

11. Access to Information

(a) Board Access to Senior Management

A director shall be given access to senior management if he/she considers it necessary to properly discharge the responsibility of his/her office as a director. Prior to approaching senior management a director must seek the approval of the chairperson, which shall not be unreasonably withheld.

The chairperson of any committee may access the senior executive to whom that committee relates without prior approval of the chairperson.

(b) Independent Professional Advice

If a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of his/her office as a director then, provided the director first obtains approval for incurring such expense from the chairperson, the Institute will pay the reasonable expenses associated with obtaining such advice.

12. Board Performance

At least once each year the Board shall complete a self-assessment to assess the performance of the Board, the Committees of the Board and individual members of the Board against the requirements of this Board Charter and the Institute's Rules.

The evaluation shall include assessment of:

- (a) financial and non-financial results against budgets and external benchmarks;
- (b) the quality and effectiveness of information made available to the Board;
- (c) the effectiveness and composition of the Board;
- (d) the strategic direction and objectives of the Board; and
- (e) whether the expectations of members and stakeholders have been achieved.

13. Indemnity and Insurance

Board Members are insured under the provisions of Directors & Officers Liability and Company Reimbursement Insurance Policy, which is renewed annually.

14. Codes of Conduct

The Board has adopted a Code of Conduct to ensure the affairs of the Institute are conducted legally, ethically and with integrity.

The code is to be observed by all directors, officers and staff.

15. Conflicts of Interest

Directors are expected to avoid any action, position or interest that may conflict with an interest of the Institute and are required to sign a declaration to this effect, including an undertaking to disclose conflicts of interest in a timely and appropriate manner.

16. Materiality

The Board has agreed on the following guidelines for assessing the materiality of matters:

(a) **Materiality – Quantitative**

(i) **Balance sheet items**

Balance sheet items are material if they have a value of more than 10% of pro-forma net asset.

(ii) **Profit and loss items**

Profit and loss items are material if they will have an impact on the current year operating result of 10% or more.

(b) **Materiality – Qualitative**

Items are also material if:

- (i) they impact on the reputation of the Institute;
- (ii) they involve a breach of legislation;
- (iii) they are outside the ordinary course of business;
- (iv) they could affect the Institute's rights to its assets;
- (v) if accumulated they would trigger the quantitative tests;
- (vi) they involve a contingent liability that would have a probable effect of 10% or more on balance sheet or profit and loss items;
or
- (vii) they will have an effect on operations which is likely to result in an increase or decrease in net income or dividend distribution of more than 10%.

(c) **Material Contracts**

Contracts will be considered material if:

- (i) they are outside the ordinary course of business;
- (ii) they contain exceptionally onerous provisions in the opinion of the Board;
- (iii) they impact on income or distribution in excess of the quantitative tests;
- (iv) there is a likelihood that either party will default, and the default may trigger any of the quantitative tests;
- (v) they are essential to the activities of the Institute and cannot be replaced, or cannot be replaced without an increase in cost of such a quantum, triggering any of the quantitative tests;
- (vi) they contain or trigger change of control provisions;
- (vii) they are between or for the benefit of related parties; or
- (viii) they otherwise trigger the quantitative tests.

Any matter which falls within the above guidelines is a matter which triggers the materiality threshold ("**Materiality Threshold**").

17. Reporting

The Institute shall submit an annual report to members at the annual general meeting of the Institute.

The annual report shall include:

- (a) a directors report containing a review of operations during the year and giving details of any significant changes in the Institute's state of affairs during the year;
- (b) a corporate governance statement outlining the Institute's corporate governance practices;
- (c) a financial report containing the audited financial statements of the Institute;
- (d) a declaration from the Scientific Director and Treasurer that the financial statements present a true and fair view, in all material respects, of the Company's financial condition.

18. Member Communications Policy

The Board has adopted a Member Communications Policy. This policy is designed to promote effective communication with its members and stakeholders.

19. External Auditor

In appointing an auditor for the Institute, the Board must take into consideration the normal corporations law requirements which apply.

20. Review of Board Charter

The Board shall regularly review the Board and Committee charters and make any changes it determines to be necessary or desirable.