

BOARD CHARTER

23 March 2021 | Version 1.2

1. Introduction

1.1 Purpose of Charter

This is the Charter of the board of Pro Medicus Limited ACN 006 194 752 (the **Company**) (the **Board** or **Directors**) (the **Charter**). The Charter governs the operations of the Board. It sets out the Board's role and responsibilities, composition, structure and membership requirements.

1.2 Role of Board

The Board is responsible for the overall operation and stewardship of the Company and, in particular, for the long-term growth and profitability of the Company, the strategies, values, policies and financial objectives of the Company, including the responsibilities set out below. The Board is also responsible for overseeing management in the implementation of the Company's policies, strategies and financial objectives and the instilling of the Company's values.

In performing the responsibilities set out in this Charter, the Board should act at all times in a manner that demonstrates leadership and that is designed to create and continue to build sustainable value for shareholders and in accordance with the duties and obligations imposed on them by the Company's constitution and by law.

1.3 Review of Charter

The Board will review and reassess this Charter at least annually and, if required, make any amendments to the Charter.

2. Roles and responsibilities of the Board

2.1 Strategy

The role of the Board in respect of strategy includes:

- (a) overseeing the development of the Company's strategy;
- (b) when required and after consultation, challenging and holding management to account;
- (c) directing, monitoring and assessing the Company's performance against strategic and business plans, to determine if appropriate resources are available; and
- (d) approving and monitoring capital management and major capital expenditure, acquisitions and divestments.

2.2 Risk management and reporting

The role of the Board in respect of risk management and reporting includes:

- (a) identifying the principal risks of the Company's business and reviewing the Company's risk management framework at least annually in order to ensure that the

Company has in place an appropriate risk management framework, which may include:

- (i) economic, environmental and social sustainability risks;
 - (ii) operational, financial, non-financial and strategic risks; and
 - (iii) contemporary and emerging risks such as conduct risk, digital disruption, cyber-security, privacy and data breaches, sustainability and climate change;
- (b) establishing the acceptable levels of risk within which the Board expects the management of the Company to operate, and analysing whether the Company is operating with due regard to any risk appetite set by the Board;
 - (c) reviewing and ratifying the Company's systems of internal compliance and control, risk management frameworks and legal compliance systems, to determine the integrity and effectiveness of those systems; and
 - (d) approving and monitoring material internal and external financial and other reporting, including:
 - (i) periodic reporting to shareholders, the ASX and other stakeholders; and
 - (ii) overseeing the Company's processes for making timely and appropriate disclosure of all material information concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities.

In accordance with paragraph 2.7 of this Charter, the Board may refer some or all of these functions to the Audit and Risk Management Committee for detailed consideration and action.

2.3 Succession Planning

The role of the Board in respect of remuneration and succession planning of the Board includes:

- (a) establishing and monitoring both a succession plan and selection/appointment process for the Board to maintain an appropriate balance of skills, knowledge, experience, independence, diversity and expertise on the Board;
- (b) with the assistance of the People and Culture Committee, reviewing the Board's skills matrix to ensure all skills needed to address existing and emerging business and governance issues are covered;

In accordance with paragraph 2.7 of this Charter, the Board may refer some or all of these functions to the People and Culture Committee for detailed consideration and action.

2.4 Senior executives

A senior executive is an executive who is a member of the key management personnel of the Company, including an executive director but not including a non-executive director.

The senior executive team will usually be responsible for implementing the entity's strategic objectives and instilling and reinforcing its values, all while operating within the values, code of conduct, budget and risk appetite set by the board.

The senior executive team will also usually be responsible for providing the board with accurate, timely and clear information on the entity's operations to enable the board to perform its responsibilities. This is not just limited to information about the financial performance of the

entity, but also its compliance with material legal and regulatory requirements and any conduct that is materially inconsistent with the values or code of conduct of the entity.

The Company may use an alternative definition of senior executive for specific purposes, for example in disclosing matters in relation to its Diversity Policy, and in that case will set out the definition of senior executive used for that purpose.

2.5 Relationship with management

The role of the Board in relation to management includes:

- (a) appointment and removal of the Chief Executive Officer (**CEO**), Managing Director (or equivalent) and the Company Secretary;
- (b) in conjunction with the People and Culture committee, approving remuneration policies and frameworks and determining whether remuneration and conditions of service for senior executives are aligned with the Company's purpose, values, strategic objectives and risk appetite;
- (c) establishing and monitoring executive succession planning (including the CEO and Managing Director);
- (d) delegating the day to day decision making and implementation of Board approved strategy to the CEO (or equivalent);
- (e) setting specific limits of authority for management;
- (f) satisfying itself that an appropriate framework exists to facilitate reporting of relevant information by management to the Board; and
- (g) where required, challenging management so as to hold it to account.

2.6 Monitoring of performance

The role of the Board in respect of performance monitoring includes:

- (a) approving criteria for assessing and monitoring performance of senior executives;
- (b) undertaking an evaluation at least every two years of the performance of the Board, each Board Committee and their respective Chairs and individual Directors, comparing their performance with the requirements of this Charter, relevant Board Committee Charters and the reasonable expectations of such functions;
- (c) where appropriate, engaging external facilitators to conduct its performance evaluations; and
- (d) with the assistance of the People and Culture Committee, review the Board's skills matrix to ensure all skills needed to address existing and emerging business and governance issues are covered.

2.7 Corporate governance

The role of the Board in respect of corporate governance includes:

- (a) selecting and appointing the Board chair, and if the Company has one, the deputy chair or senior independent director;
- (b) approving the Company's statement of values and Code of Conduct;
- (c) satisfying itself that the Company's remuneration policies are aligned with the Company's purpose, values, strategic objectives and risk appetite;

- (d) ensuring ethical behaviour and compliance with the Company's own governing documents, including the Company's Code of Conduct; and
- (e) monitoring and evaluating the Company's compliance with its corporate governance standards.

2.8 Board Committees

The role of the Board includes:

- (a) establishing such committees of the Board as may be appropriate including the following Board Committees:
 - (i) Audit and Risk Management Committee; and
 - (ii) People and Culture Committee;
- (b) adopting Charters setting out the membership, responsibilities and reporting obligations of each Board Committee and evaluating the performance of the Board Committees;
- (c) identifying Directors qualified to fill vacancies on Board committees, having regard to such factors as the Committee considers appropriate, including the terms of reference of the particular Board committee the Director's experience, the interplay of the Director's experience with the experience of other Committee members and the Guidelines; and
- (d) undertaking performance evaluation of each Board Committee that compares the performance of the Board Committee with the requirements of the relevant Board Committee Charter, setting forth the goals and objectives of the Board Committee and effecting any amendments to the relevant Board Committee Charter considered necessary or desirable.

2.9 Other

The role of the Board also includes performing such other functions as prescribed by law.

3. Board composition and related matters

3.1 Board size

The Constitution of the Company provides that the number of Directors must at any time be no more than 10 and no less than 3.

3.2 Board composition

The Board should comprise:

- (a) a majority of people who are independent¹ Directors;
- (b) people with a mix of skills and diversity of backgrounds to enable the Board to discharge its duties effectively.

¹ Independent, as defined by the ASX Corporate Governance Council. See section 3.6 below.

3.3 Chair

The Chair of the Board should be independent and should not hold the role of CEO (or equivalent). The Chair should:

- (a) lead the Board;
- (b) facilitate the effective contribution of all directors;
- (c) promote constructive and respectful working relationships between directors, senior management and the Board;
- (d) communicate the views of the Board and senior management to the Company's security holders and to the public; and
- (e) oversee and facilitate board, committee and senior management evaluation reviews and succession planning.

The Chair will also be responsible for approving board agendas and ensuring that adequate time is available for discussion of all agenda items, including strategic issues.

3.4 Deputy Chair (*if applicable*)

The Deputy Chair of a Company is often appointed to cover for the Chair when absent or unable to attend Board meetings. The Deputy Chair should:

- (a) perform the role and functions of the Chair as outlined at 3.3 above when the Chair is absent;
- (b) support the Chair in the performance of their role and functions;
- (c) be available to facilitate chair succession planning; and
- (d) assist in making decisions when the Chair is or may be compromised due to personal or other conflicts of interests.

3.5 Company secretary

The Company Secretary will:

- (a) be appointed and removed by the Board;
- (b) report to and be accountable to the Board on all matters to do with the proper functioning of the Board and Board Committees; and
- (c) perform the role in accordance with Recommendation 1.4 of the Corporate Governance Principles and Recommendations (4th edition) of the ASX Corporate Governance Council (**Guidelines**).

3.6 Independent directors

An independent director is a non-executive director who is free of any interest, position, association or relationship that might influence, or could 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 entity and its security holders generally.

The Board will:

- (a) regularly review the independence of each Director in light of interests disclosed and will disclose any change to ASX, as required by the ASX Listing Rules; and

- (b) review the independence of any director who has served in that position for more than 10 years to confirm that their independent status can be maintained.

3.7 Senior independent director

Where a Deputy Chair has not been appointed, a senior independent director may assume the role of Chair if the Chair is absent or unable to attend Board meetings. The senior independent director should assume the same role as the Deputy Chair as outlined above at 3.4.

3.8 Material business relationship

A professional adviser, consultant, supplier or customer will be considered to have a material business relationship with the Company if:

- (a) from the perspective of the director, the business relationship is significant (directly or indirectly) to their own circumstances; or
- (b) from the Company's perspective, the business relationship generates revenue or expenses (to the Company) of 5% or more of the Company's total revenues or expenses, as applicable.

3.9 Board judgement that a director remains independent

- (a) The Board may consider a director to be independent notwithstanding that the Director has an interest or relationship set out in section 3.6.
- (b) In these circumstances, the Board will take into account:
 - (i) the nature and extent of the interest or relationship;
 - (ii) the type of transactions that are normally entered into between the Company and the other party, the nature of the transactions and whether the Director has been personally involved in negotiating the terms and conditions of any of the transactions; and
 - (iii) any other matters the Board considers relevant to its assessment.
- (c) If the Board determines that, notwithstanding the interest or relationship, the Director is independent, the Board will disclose its reasons for this assessment and the interest or relationship of the Director in the annual corporate governance statement.

4. Management and delegation

4.1 CEO and management

The CEO (or equivalent) is responsible for running the day to day affairs of the Company under delegated authority from the Board and to implement the policies and strategy set by the Board. In carrying out the CEO's responsibilities, the CEO (or equivalent) must ensure that the Board is provided with accurate information in a timely and clear manner and together with the CFO ensure all reports to the Board present a true and fair view of the Company's financial condition and operational results.

4.2 Delegation to management

The role of management is to support the CEO (or equivalent) and implement the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board. The delegated authority includes responsibility for:

- (a) developing business plans, budgets and strategies for the Company for consideration by the Board and, to the extent approved by the Board, implementing these plans, budgets and strategies;

- (b) operating the Company's business within the parameters set by the Board from time to time and keeping the Board informed of material developments in the Company's business;
- (c) in respect of proposed transactions, commitments or arrangements that exceed the parameters set by the Board, referring such matters to the Board for its consideration and approval;
- (d) identifying and managing operational and other risks and, where those risks could have a material impact on the Company's businesses, formulating strategies for managing these risks for consideration by the Board;
- (e) implementing the policies, processes and codes of conduct approved by the Board; and
- (f) managing the Company's current financial and other reporting mechanisms and control and monitoring systems to ensure that these mechanisms and systems function effectively and capture all relevant material information on a timely basis.

4.3 Senior executives

The Company will have:

- (a) a written agreement with each person appointed as a senior executive of the Company setting out the terms of their appointment, with the agreement being with the relevant senior executive personally rather than an entity supplying their services (except where the Company is engaging a professional services firm to provide the relevant services on an outsourced basis); and
- (b) a process for ensuring that the performance of senior executives of the Company are reviewed at least once each year.

5. Other matters

5.1 Independent Professional Advice for Directors

- (a) Directors may obtain independent professional advice, at the Company's cost, in carrying out their responsibilities.
- (b) It will be appropriate to obtain independent professional advice where:
 - (i) the issue or recommendation in question is one which the Director reasonably considers, after consulting with the Board or the Chair of the Board, is of a character that makes obtaining independent advice appropriate; and
 - (ii) the Board or Chair, following such consultation consents to the obtaining of such advice.

5.2 Terms of appointment of Directors

- (a) In accordance with the Constitution of the Company, no Director except a Managing Director will hold office for a continuous period in excess of three years or past the third annual general meeting following the Director's appointment, whichever is the longer, without submitting for re-election.
- (b) The Company will have a written agreement with each person appointed as a Director setting out the terms of their appointment.

5.3 Inconsistency with the Company's constitution

To the extent that there is any conflict or inconsistency between this Charter and the Company's constitution, the constitution shall prevail.

5.4 Conduct of meetings of security holders

All substantive resolutions at meetings of security holders will be decided by a poll rather than by a show of hands.

All meetings of security holders will be held at a reasonable place and time, in order to maximise the chance of security holders being able to attend and vote at all meetings.

5.5 Adoption of Charter and Board review

This Charter (including its annexures) was adopted by the Board on the date on the front cover of this Charter and replaces any previous policy in this regard.

The Board will review this Charter periodically. The Company Secretary will communicate any amendments to employees as appropriate.