

Osprey Medical Inc ARBN 152 854 923

Board charter

1. Introduction

- 1.1 The board is responsible for the corporate governance of Osprey Medical Inc (**Company**) and its related bodies corporate (**Group**).
- 1.2 The purpose of this charter is to:
 - (a) promote high standards of corporate governance;
 - (b) clarify the role and responsibilities of the board; and
 - (c) enable the board to provide strategic guidance for the Group and effective management oversight.
- 1.3 This charter is supported by the code of conduct for directors, senior executives and all other employees, the charters for the Nomination and Remuneration Committee and Audit Committee, Share Trading Policy and the Continuous Disclosure Policy.

2. Board size, composition and independence

- 2.1 There must be a minimum of 1 director and the current maximum of directors is 7.
- 2.2 An independent non-executive director is one who:
 - (a) is independent of management;
 - (b) free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their unfettered and independent judgment; and
 - (c) otherwise meets the criteria for independence set out in the *Principles of Good Corporate Governance and Best Practice Recommendations* published by the ASX Corporate Governance Council.
- 2.3 The board should ideally comprise:
 - (a) a majority of independent non-executive directors;
 - (b) directors with an appropriate range of skills, experience and expertise;
 - (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 judgment.
- 2.4 The board notes that the ASX Corporate Governance Council recognises that smaller companies may face particular issues in attaining all of its recommendations at the outset and that the corporate governance practices of a company will evolve in the light of changing circumstances. For example, while the Company will aim to have a majority of independent non-executive directors, this may not always be possible, particularly while the Company's operations are at the development and initial commercialisation stage. The directors have absolute discretion to determine the appropriate composition of the board and its committees from time to time.

- 2.5 The board will regularly assess whether each non-executive director is independent and each non-executive director should provide to the board all information relevant to his or her assessment.
- 2.6 If a director's independent status changes, it will be immediately disclosed and explained to the market.
- 2.7 Each director is appointed by a formal letter of appointment.

3. The board's role and responsibilities

- 3.1 The board acts in the best interests of the Company as a whole and is accountable to shareholders for the overall direction, management and corporate governance of the Company and the Group.
- 3.2 The board's responsibilities are:
 - (a) overseeing the Group, including its control and accountability systems;
 - (b) appointing and removing the chief executive officer;
 - (c) monitoring the performance of the chief executive officer;
 - (d) where appropriate, ratifying senior executive appointments, organisational changes and senior management remuneration policies and practices;
 - (e) approving succession plans for management;
 - (f) monitoring senior executives' performance and implementation of strategy, and ensuring appropriate resources are available;
 - (g) input into and approving management's corporate strategy and performance objectives;
 - (h) determining and financing dividend payments;
 - (i) approving and monitoring the progress of major capital expenditure, capital management, acquisitions and divestitures;
 - (j) approving and monitoring financial and other reporting;
 - (k) reviewing and ratifying systems of risk management, internal compliance and control, and legal compliance to ensure appropriate compliance frameworks and controls are in place;
 - (l) reviewing and overseeing the implementation of the code of conduct for directors and all other employees;
 - (m) approving charters of board committees;
 - (n) monitoring and ensuring compliance with legal and regulatory requirements and ethical standards and policies; and
 - (o) any other responsibilities determined by the board from time to time.
- 3.3 In carrying out its responsibilities and functions, the board may delegate any of its powers to a board committee, a Director or other person subject to ultimate responsibility residing with the directors.
- 3.4 Matters specifically reserved for the board or its committees (as relevant) include:
 - (a) appointment of a chair;
 - (b) appointment and removal of the chief executive officer;
 - (c) appointment of directors to fill a vacancy or as additional directors;
 - (d) establishment of Board committees, their membership and delegated authorities;
 - (e) approval of dividends;

- (f) review of corporate codes of conduct;
- (g) approval of major capital expenditure, acquisitions and divestitures in excess of authority levels delegated to management;
- (h) calling of meetings of shareholders; and
- (i) any other specific matters nominated by the Board from time to time.

4. Board Committees

4.1 The board has established the following committees to assist it in carrying out its responsibilities, to share detailed work and to consider certain issues and functions in detail:

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

4.2 The charter or terms of reference of each board committee setting out matters relevant to the composition, responsibilities and administration of the committee must be approved by the board. Each committee will review its charter from time to time as appropriate.

5. Chief executive officer and executive team

5.1 Responsibility for day to day management and administration of the Group is delegated by the board to the chief executive officer and the executive team (if appointed).

5.2 The chief executive officer (if appointed) manages the Group in accordance with the strategy, plans and policies approved by the board.

5.3 The chief executive officer is appointed by the board.

5.4 The responsibilities of the chief executive officer (if appointed) include:

- (a) developing and recommending to the board strategies, business plans and annual budgets for the Group;
- (b) implementing the strategies, business plans and budgets adopted by the board;
- (c) providing effective leadership, direction and supervision of the executive team to achieve the strategies, business plans and budgets adopted by the board;
- (d) ensuring compliance with applicable laws and regulations;
- (e) ensuring the board is given sufficient information to enable it to perform its functions, set strategies and monitor performance; and
- (f) acting within authority delegated by the board.

5.5 The board has in place procedures to assess the performance of the chief executive officer and executive team.

6. Non-executive directors

Non-executive directors should consider the benefits of conferring regularly without management present, including at scheduled sessions.

7. Conflicts

7.1 Directors must:

- (a) disclose to the board any actual or potential conflict of interest or duty that might reasonably be thought to exist as soon as the situation arises;
- (b) take necessary and reasonable action to resolve or avoid any actual or potential conflict of interest or duty; and
- (c) comply with applicable law and the Company's Bylaws in relation to disclosing material personal interests and restrictions on voting.

7.2 If a conflict exists, it is expected that any director to whom the conflict relates will leave the room when the board is discussing any matter to which the conflict relates.

7.3 Directors are expected to inform the chairperson of the board of any proposed appointment to the board or executive of another company as soon as practicable.

8. Access to information and independent advice by directors

8.1 Directors have access to any information they consider necessary to fulfil their responsibilities and to exercise independent judgment when making decisions.

8.2 Directors have access to:

- (a) management to seek explanations and information from management; and
- (b) auditors to seek explanations and information from them without management being present.

8.3 Directors may seek any independent professional advice they consider necessary to fulfil their responsibilities and to exercise independent judgment when making decisions in accordance with the procedure agreed by the directors.

8.4 If the chairperson of the board consents, the Company will pay a director's costs of seeking independent professional advice. That consent may not be unreasonably withheld or delayed.

9. Size of the Board and Board vacancies

9.1 The Company's Certificate of Incorporation and Bylaws provide that the number of Directors on the Board is to be fixed exclusively by the Board. Newly created directorships resulting from any increase in the Company's authorised number of Directors or any vacancies will be filled by a majority of the remaining Directors in office, unless otherwise required by law or by resolution of the Board. The Board is divided into three classes with staggered three-year terms. At each annual general meeting of the Shareholders, the successors to the directors whose terms expire will be elected to serve for three years until the third annual meeting following their election.

10. Communication of information

The board has adopted a communications strategy to facilitate and promote effective communication with shareholders and encourage participation at general meetings.

11. Review of board performance

The Nomination and Remuneration Committee will annually review:

- (a) the board's role;
- (b) the processes of the board and board committees;
- (c) the board's performance; and

(d) each director's performance before the director stands for re-election.

12. **Approved and adopted**

This charter was approved and adopted by the board on February 28, 2012.