

Board Charter

Genera Biosystems Limited

ABN 098-663-837

Board Charter

Genera Biosystems Limited

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Part 1- General

1. Glossary

In this Charter the Glossary is:

“Act” means the Corporations Act 2001.

“ASIC” means the Australian Securities and Investment Commission

“AASB” means the Australian Accounting Standards Board

“ASX” means the Australian Stock Exchange

“Board” means the board of directors of the Company.

“Business” means the business of the Company.

“CEO” means the chief executive officer of the Company.

“Chairman” means the chairman of the Board and is used in a gender- neutral sense.

“Committees” mean sub- committees formed by the Board to deal with specific matters including but not limited to Audit, Remuneration and Nomination Committees

“Company” means Genera Biosystems Limited.

“Company Objectives” means the goals of the Company as set out in Part 2.

“Deputy Chairman” means the deputy chairman of the Board and is used in a gender-neutral sense.

“Independence” means actions and judgements (“decisions”) which are freely expressed without censure, under no obligation to accept an opinion from other directors and where there is no relationship to these decisions and the director’s interests in the Company other than those declared.

“IFRS” means International Financial Reporting System

“Management” mean the management personnel of the Company.

“Management Limitations” means the limitations on the actions of Management as set out in paragraph 20.0.

“Directors” mean Directors of the Board.

“Secretary” means the Company Secretary or the person normally exercising the functions of a Board secretary.

“Shareholders” mean the shareholders of the Company.

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Part 2 -Company Objectives

2. General

- 2.1 The purpose of this Company is to engage in the provision of a series of molecular diagnostic testing devices and products with applications in human health diagnostics with a particular focus on women's health.
- 2.1. The capital and resources of the Company will be allocated to those assets and activities, which will enable it to achieve the Company Objectives in a manner best serving the interests of the Shareholders as a whole.

Part 3- Board Governance Processes

3. Role of the Board

- 3.1 The role of the Board is to effectively represent and promote the interests of Shareholders with an aim to adding long-term value to the Company's shares. It is to operate the Company according to the Constitution, ASIC regulatory requirements and the principles of ASX regulations including the "Corporate Governance Principles and Recommendations" as provided by the ASX Corporate Governance Council.
- 3.2 Having regard to its role, the Board should establish and disclose the respective roles and responsibilities of the Board and Management. It will form the base that will direct and supervise the management of the Business and affairs of the Company via the Board and Committees as needed including, in particular:
- Establish a Board Charter that is consistent with the Company's Constitution and the regulatory requirements of ASIC regulations and the principles of ASX regulations and Governance.
 - Oversight of the Company, including its controls and accountability systems so as to safeguard the integrity in financial reporting.
 - Ensuring that the Company Objectives are clearly established, and that strategies are in place for achieving them (such strategies being expected to originate, in the first instance, from Management);
 - Establishing continuous disclosure policies for timely and balanced disclosures to stakeholders and in compliance with ASX Listing Rules,
 - Establishing policies for strengthening the performance of the Company including ensuring that Management is proactively seeking to build the Business through innovation, initiative, technology, new products and the development of its business capital;
 - Monitoring the performance of Management including adherence to operational targets, financial returns, risk mitigation, occupational health and safety, environmental standards and disaster planning matters. Also ensuring the appropriate resources are available for completing Board strategies.
 - Appointing the CEO, setting all of the terms of the CEO's employment contract with a clear articulation of the performance expectations. The terms should explicitly detail the cash, non-cash and performance components of the CEO's payments. In addition, the costs and consequences of terminating the CEO's employment with the Company should be detailed,

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- Deciding on whatever steps are necessary to protect the Company's financial position and the ability to meet its debts and other obligations when they fall due, and ensuring that such steps are taken;
 - Ensuring that the Company's financial statements comply with AASB and IFRS and by the CEO or equivalent stated in writing that they are a true and fair representation of the state of the business. Also they conform to law & are reported in appropriate time frames.
 - Approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestments.
 - Establish a Director's Code of Conduct thereby ensuring that the Company adheres to high standards of ethics and corporate behaviour through a code of conduct so as to maintain the Company's integrity consistent with this Directors Code of Conduct. It shall take accountability and responsibility for investigations and reports of unethical behaviour.
 - Establishing policies related to "related party transactions" and share trading in Company shares by Directors, Management and related parties.
 - Establish policies related to the research and development activities of the Business that are consistent with ethical and professional standards that will produce international recognised results and IP.
 - Establish policies related to the devolution of its powers to Management.
 - Review and ratify that the Company has appropriate risk management and internal compliance controls, codes of conduct and regulatory compliance policies in place and
 - Establish written policies and procedures to ensure the timely compliance by the Board and management with the ASIC rules and if appropriate to the ASX Listing disclosure requirements.
- 3.3 In the normal course of events, day-to-day management of the Company will be in the hands of Management. The Board requires that the CEO and the CFO (or equivalents) always present information about the status of the finances and operations of the business that is both fair and accurate in all respects.
- 3.4 The Board will satisfy itself that the Company is achieving the Company Objectives.
- 3.5 The Board will establish policies related to remuneration that provides reasonable payments to Directors and Management that are within capabilities & resources of the Company. Further the relationship and composition of employment contracts (incorporating an appropriate risk/reward structure) between corporate and individual should be clearly defined and transparent.
- 3.6 Establish and disclose a code of conduct to guide compliance with the legal and other obligations to legitimate stakeholders.

4. The Boards relationship with Shareholders

The Board will use its best endeavours to familiarise itself with issues of concern to Shareholders.

- 4.1 The Board will regularly evaluate economic, political, social and legal issues and any other relevant external matters that may influence or affect the development of the Business or the interests of Shareholders and, if thought appropriate, will take outside expert advice on these matters.
- 4.2 The Board will establish a communication strategy through web based technologies to promote effective communication with Shareholders and encourage participation at general meetings. It should include shareholder rights and obligation to appoint proxies.

It should encourage the Auditors to attend the Annual General Meeting and to answer questions on the conduct of the audit.

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5. Board Procedures

- 5.1 The conduct of Directors will be consistent with their duties and responsibilities to the Company and indirectly to Shareholders and they will act with Independence in these duties. The Board will be disciplined in carrying out its role, with the emphasis on strategic issues, policy and corporate governance. Directors will always act within any limitations imposed by the Board on their activities. The Board will develop Corporate Governance policies consistent with the ASX statement on "Corporate Governance Principles and Recommendations".
- 5.2 Directors will use their best endeavours to attend Board meetings and to prepare thoroughly. Directors are expected to participate fully, frankly and constructively in Board discussions and other activities and to bring the benefit of their particular knowledge, skills and abilities to the Board table. Directors unable to attend a meeting will advise the Chairman at as earlier date as possible and confirm in writing to the Secretary.
- 5.3 The Board will establish as a standing order a "Declaration of Interests" which records the respective interests that Directors have in the company, related parties, clients and suppliers. This will remain in effect unless a Director's interests change, and/or, there is a change in the Board composition. Directors will avoid conflicts of interest in performing their director duties.
- 5.4 Board discussions will be open and constructive; recognising that genuinely held differences of opinion could, in some circumstances, bring greater clarity and leads to better decisions. The Chairman will, nevertheless, seek a consensus in the Board but may, where considered necessary, call for a vote. All discussions and their record will remain confidential unless there is a specific direction from the Board to the contrary or if they are required by regulatory disclosure. Subject to these requirements the Board will decide the manner and timing of the publication of its decisions.
- 5.5 Executive Directors attend Board meetings to discharge their Board responsibilities. At Board meetings, Board responsibilities supercede all executive responsibilities.
- 5.6 The Board has sole authority over its agenda and exercises this through the Chairman. Any Director may, through the Chairman, request the addition of an item to the agenda. The Chairman in consultation with the CEO and the Secretary will set the agenda.
- 5.7 The Board will normally hold meetings in each month of the year except January (unless otherwise agreed) and will hold additional meetings, as the occasion requires. At each normal meeting the Company's interests register will be updated as necessary and the Board will consider:
- An operational report from the CEO.
 - A report from the chief financial officer or equivalent.
 - Reports on their activities from the Company's individual business units.
 - Specific proposals for capital expenditure and acquisition subject to capital expenditure policy.
 - Major strategic and business risk issues and opportunities for the Company.
 - Reports on Corporate Compliance matters and
 - Reports from Committees

In addition the Board will, at intervals of not more than one year:

- Review the Company Objectives.
- Review the strategies for achieving the Company Objectives;

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- Approve the annual budget.
- Approve the annual and half-yearly financial statements, reports to Shareholders, documents and forms to be lodged with ASIC and public announcements;
- Approve the Annual Report.
- Consider and if appropriate declare or recommend the payment of dividends;
- Review the Board composition, structure, performance and succession;
- Review the Company's audit requirements through the Audit Committee.
- Review the performance of, necessity for and composition of Committees.
- Undertake Board and individual director evaluations.
- Review Directors' remuneration.
- Review the CEO's performance and remuneration.
- Review remuneration policies and practices in general including superannuation and incentive schemes for management.
- Review risk assessment policies and controls including insurance covers and compliance with legal and regulatory requirements.
- Review the Company's code of conduct and ethical standards.
- Review Shareholder, customer and supplier relations.
- Review donations and sponsorships; and
- Settle the following year's work plan and Budget

- 5.8 Directors are entitled to have access, at all reasonable times, to all relevant company information and to Management.
- 5.9 Directors are expected to strictly observe the provisions of the Act applicable to the use of confidential company information and their responsibilities to avoid conflicts of interests, to use business judgement and a duty of care in decision-making.
- 5.10 In making policy the Board will not reach specific decisions unless it has considered the more general principles upon which they are founded and in reaching other specific decisions the Board will consider the policies against which the decisions are made.

6. Chairman and Deputy Chairman

- 6.1 Each year the Board will appoint from among the Directors a Chairman and Deputy Chairman.
- 6.2 Both the Chairman and Deputy Chairman will be non-executive Directors. The Deputy Chairman will deputise for the Chairman in his or her absence or at his or her request.
- 6.3 The Chairman is responsible for representing the Board to Shareholders.
- 6.4 The Chairman is responsible for ensuring the integrity and effectiveness of the governance process of the Board as set out in this section of Board Governance Process.
- 6.5 The Chairman is responsible for maintaining regular dialogue with the CEO over all operational, financial and risk matters and will consult with the remainder of the Board promptly over any matter that gives him or her cause for major concern.
- 6.6 The Chairman will act as facilitator at meetings of the Board to ensure that no Director, whether executive or non-executive, dominates discussion, that appropriate discussion takes place and that relevant opinion among Directors is

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forthcoming. The Chairman will ensure that discussions result in logical and understandable outcomes.

7. Board Committees

- 7.1 Board Committees will be formed only when it is efficient or necessary to facilitate efficient decision-making.
- 7.2 Board Committees will observe the same rules of conduct and procedure as the Board unless the Board determines otherwise.
- 7.3 Board Committees will only speak or act for the Board when so authorised. The authority conferred on a Board Committee will not derogate from the authority delegated to the CEO.
- 7.4 The Board has the option to develop upto four standing committees, namely the Audit, Remuneration, Science and Technology and Nomination committees. Other committees (such as the Risk Committee Risk where these issues are currently accounted for in the Audit Committee and Charter) are formed for specific purposes and disbanded as required. Each Committee will have a formal charter setting out tasks, responsibilities, attendees and sources of professional advice. The purposes and Directorship of the standing committees are as follows:

The Audit and Risk Committee consists of up to three Directors all of whom, whenever possible, must be non-executive. The Chairman of the Board is not a member of the committee. The Committee operates to an approved Audit Charter, which governs the tasks, attendees, sources of professional information and responsibilities of the Committee and provides a forum for the effective communication between the Board and the external and internal auditors. The Committee reviews the annual, quarterly and half-yearly financial statements prior to their approval by the Board and release to the ASX or ASIC where appropriate, the effectiveness of management information systems and systems of internal control, and the efficiency and effectiveness of the external and internal audit functions.

The Remuneration Committee consists of upto three non-executive Directors. The Committee reviews the remuneration packages of all Directors and senior Management annually and makes recommendations to the Board. The packages, which consist of base salary, fringe benefits, incentive schemes (including performance-related bonuses), superannuation, and entitlements upon retirement and termination, are reviewed with due regard to performance and other relevant factors including market relativity.

The Committee is chaired by an independent Director and either the Chairman or Deputy Chairman may attend.

The Science and Technology Committee consists of the Chairman, CSO and CEO and members of the Clinical Development Advisory Board as required. The committee reviews the policies and procedures for the ethical and professional research and development activities of the Company. It will provide recommendations on the strategic direction of the Company and its R&D plans. Where necessary, the Committee seeks assistance from external advisers in connection with the suitability of applicants for Board Directorship.

The Nomination Committee is for the identification and selection of new directors. It consists of the Chairman, Deputy Chairman and CEO. The committee reviews the composition of the Board annually and makes recommendations to the Board where considered necessary to ensure the Board comprises a majority of non-executive Directors with an appropriate mix of skills and experience. Where necessary, the Committee seeks assistance from external advisers or other non- executive directors in connection with the suitability of applicants for Board Directorship.

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8. Board Composition and Mix

- 8.1 The composition of the Board will reflect the duties and responsibilities it is to discharge, and perform as representative of the interests of Shareholders in setting the Company's strategy and seeing that it is implemented. The majority of the Directors shall be independent.
- 8.2 Generally, the qualifications for Board Directorship are the ability and intelligence to make sensible business decisions and recommendations, an entrepreneurial talent for contributing to the creation of Shareholder value, the ability to see the wider picture, the ability to ask the hard questions, preferably some experience in the industry sector, high ethical standards, sound practical sense, and a total commitment to furthering the interests of Shareholders and the achievement of the Company Objectives.
- 8.3 Non-executive Directors will be active in areas which enable them to relate to the strategies of the Company and to make a meaningful contribution to the Board's deliberations. They will be independent of Management and free from any business or other relationship, which could materially interfere with the exercise of their independent judgement.
- 8.4 The size of the Board will be such that the common purpose, involvement, participation, harmony and sense of responsibility of the Directors are not jeopardised. It must be large enough to ensure a range of knowledge, views and experience. Generally, the number of Directors will be a minimum of three up to eight of which the majority will be non-executive.
- 8.5 Subject to any limitations imposed by Shareholders, it is anticipated that non-executive Directors will hold office initially for three years following their first appointment (or, if appointed by the Board between annual meetings, from the date of the meeting next following the appointment), subject to any obligation to retire by rotation in accordance with the Company's constitution and the Act. It is not generally expected that a non-executive Director would hold office for more than ten years or be nominated for more than three consecutive terms whichever is the longer. Only executive Directors will be engaged on service contracts.
- 8.6 In the event of an executive Director's service contract with the Company terminating for whatever reason, the Director is expected to resign from the Board, although the Board may, if it considers it appropriate, and subject to Shareholders' approval where necessary, re-appoint the Director as a non-executive Director.

9. Induction of New Directors

- 9.1 Potential Directors are encouraged to carry out "due diligence" on the Company before accepting an appointment to the Board.
- 9.2 On their first appointment, non-executive Directors will have the benefit of an induction programme aimed at deepening their understanding of the Company and the Business, and the environment and markets in which the Company operates. As part of the programme Directors will receive a folder of essential Board and Company information from the Company Secretary and will meet key Management.
- 9.3 Directors are expected to keep themselves abreast of changes and trends in the Business and in the Company's environment and markets and to keep abreast of changes and trends in the economic, political, social and legal climate generally.

10. Directors' Remuneration

- 10.1 The Board will determine policies on the level of remuneration paid to Directors within any limitations imposed by Shareholders as determined by the Remuneration Committee. These policies should recognise the importance of

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motivating Directors and management to pursue the long term growth and success of the company within an appropriate control system.

This would demonstrate a clear relationship between key executive performance and remuneration.

- 10.2 Non-executive Directors will be paid a basic fee as ordinary remuneration and will be paid, as additional remuneration, an extra fee as Directors of Board committees, an extra fee as chairman of a Board committee and an extra fee for any special service as a Director. The Chairman and Deputy Chairman will be paid a level of fees appropriate to their office. The level of this fee will be based on market input/advice and/or approved by Shareholders. The Board will review remuneration annually after taking independent advice.
- 10.3 The Directors shall not participate in executive performance schemes such as option allocation or bonuses but can participate in the company ESOP. They shall not receive retirement benefits other than normal superannuation entitlements. Directors are entitled to reimbursement of reasonable out of pocket business expenses related to this role.
- 10.4 Executive Directors will receive no fees but will be paid as employees of the Company in accordance with their contracts of employment with the Company.

11. Shareholdings by Directors in the Company

- 11.1 Directors are encouraged to hold shares in the Company, recognising that this has the capacity, in many cases, to increase the focus of Directors on Company performance and share value and therefore be in the interests of all Shareholders.
- 11.2 When buying or selling shares Directors, must strictly observe the provisions of the Company's constitution, the Company's own internal rules and all relevant legislative or regulatory procedures. Directors will adopt a share trading policy consistent with ASX Listing Rules and community expectations.

12. Provision of Professional Services by Directors

- 12.1 Because a conflict of interest (actual or perceived) may be created, Directors should not, generally, provide business or professional services of an ongoing nature to the Company.
- 12.2 Notwithstanding the general rule, the Company is at liberty to:
- For the purpose of a special assignment, engage the services of any Director having special expertise in the particular field; or
 - Engage the services of another Director or a Director's organisation
- so long as the terms of engagement are competitive, are clearly recorded and all legal requirements for disclosures of the engagement under the Act are properly observed.

13. Other Board Appointments

- 13.1 Any Director is, while holding office, at liberty to accept other Board appointments so long as the appointment is not in conflict with the Business and does not detrimentally affect the Director's performance as a Director. All other appointments must first be discussed with the Chairman before being accepted.

14. Independent Professional Advice

- 14.1 Any Director is entitled to obtain independent professional advice relating to the affairs of the Company or to his or her other responsibilities as a Director.

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- 14.2 If a Director considers such advice is necessary the Director shall first discuss it with the Chairman. The Chairman shall discuss it with at least one other Director and the Chairman of the Audit Committee and having done so the Director shall be free to proceed.
- 14.3 Subject to the prior approvals in 14.2, the Company will reimburse the cost of the advice but the Director will ensure, so far as is practicable, that the cost is reasonable.

15. Board and Director Evaluations

- 15.1 The Board will, each year, critically evaluate its own performance, and its own processes and procedures to ensure that they are not unduly complex and are designed to assist the Board in effectively fulfilling its role.
- 15.2 Each year, individual Directors will be evaluated by a process whereby the Board determines questions to be asked of each Director about him or herself and about each other including the Chairman. Each Director answers the questions in writing, and the responses are collected and collated by the Chairman who then discusses the results with each Director. The Chairman's own position is discussed with the Deputy Chairman and/or the rest of the Board.

16. Indemnities and Insurance

- 16.1 The Company will provide Directors with, and will pay the premiums for, indemnity and insurance cover while acting in their capacities as Directors, to the fullest extent permitted by the Act.

17. The Secretary

- 17.1 The appointment of the Secretary, who is the Chief Administration Officer of the Company, is made by the Board
- 17.2 The Secretary is responsible for: ensuring that Board procedures are followed; that the applicable rules and regulations for the conduct of the affairs of the Board are complied with and for all matters associated with the maintenance of the Board and its efficient operation. This includes General Meeting's preparation covering Regulatory Approvals, Share Registry liaison and conduct of these meetings.
- 17.3 The Secretary will also ensure that the Board meets the regulatory requirements of the ASX and AISC for report and meeting compliance.
- 17.4 All Directors, particularly the Chairman, have access to the advice and services of the Secretary for the purposes of the Board's affairs and the Business.

Part 4-Board Management Relationship

18. Position of CEO

- 18.1 The Board will link the Company's governance and management functions through the CEO.
- 18.2 All Board authority conferred on Management is delegated through the CEO so that the authority and accountability of Management is considered to be the authority and accountability of the CEO so far as the Board is concerned. The Board must agree to the levels of sub-delegation immediately below the CEO.

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- 18.3 The Board will agree with the CEO to achieve specific results directed towards the Company Objectives. This will usually take the form of an annual performance contract under which the CEO is authorised to make any decision and take any action within the Management Limitations, directed at achieving the Company Objectives.
- 18.4 Between Board meetings the Chairman maintains an informal link between the Board and the CEO, expects to be kept informed by the CEO on all-important matters, and is available to the CEO to provide counsel and advice where appropriate.
- 18.5 Only decisions of the Board acting as a body are binding on the CEO. Decisions or instructions of individual Directors, officers or committees are not binding except in those instances where the Board gives specific authorisation.
- 18.6 The CEO is to provide written confirmation that all financial reports to the Board, ASIC and ASX are prepared in accordance with AASB have Audit Committee approval and represent a true and fair representation of the state of the business at signing including any post balance date issues.

19. Accountability of CEO to Board

- 19.1 The CEO, in association with the Chairman, is accountable to the Board for the achievement of the Company Objectives and the CEO is accountable for the observance of the Management Limitations.
- 19.2 At each of its normal monthly meetings the Board should expect to receive from or through the CEO:
- The operational and other reports and proposals referred to in paragraph 5.6; and
 - Such assurances as the Board considers necessary to confirm that the Management Limitations are being observed.

20. Management Limitations

- 20.1 The CEO is expected to act within all specific authorities delegated to him or her by the Board.
- 20.2 The CEO is expected to not cause or permit any practice, activity or decision that is contrary to commonly accepted good business practice or professional ethics.
- 20.3 In allocating the capital and resources of the Company the CEO is expected to adhere to the Company Objectives.
- 20.4 The CEO is expected to not cause or permit any action without taking into account the health, safety, environmental and political consequences and their effect on long-term shareholder value.
- 20.5 In financing the Company the CEO is expected to not cause or permit any action that is likely to result in the Company becoming financially embarrassed.
- 20.6 The assets of the Company are expected to be adequately maintained and protected, and not unnecessarily placed at risk. In particular, the Company must be operated with a comprehensive system of internal control, and assets or funds must not be received, processed or disbursed without controls that, as a minimum, are sufficient to meet standards acceptable to the Company's external auditors. One of the tools to be used as a framework is an asset management plan for both on and off balance sheet assets. In managing the risks of the Company, the CEO is expected to not cause or permit anyone to substitute their own risk preferences for those of the Shareholders as a whole.

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- 20.7 The CEO is expected to not permit employees and other parties working for the Company to be subjected to treatment or conditions that are undignified, inequitable, unfair or unsafe.
- 20.8 The CEO is expected to not cause or permit payments to be made or rewards given unless they are in return for contributions towards the purposes of the Business and are proportional to the extent that the contribution in question has furthered such purposes.