Ausenco

Board Charter

Ausenco

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1 Introduction

- This policy outlines the main corporate governance practices that are in place for the Company and to which the both the Board collectively and the Directors individually are committed.
- The conduct of the Board is also governed by the Constitution, and, to the extent that the terms of the Constitution are inconsistent with this document, the Constitution is to prevail.

2 Guiding Principle

The Board will, in carrying out its function and exercising its powers, at all times fulfil its overriding responsibility to act honestly, conscientiously and fairly, in accordance with the law, in the interests of shareholders (with a view to building sustainable value for them) and those of both employees of the Group and those the Group has dealings with. Responsibility for the operational conduct of the Group has been delegated to the Chief Executive Officer (CEO) who reports to the Board.

3 Function

The Board's broad function is to:

- represent shareholders and promote and protect the interests of the Group
- establish strategy and set financial targets for the Group
- monitor the implementation and execution of strategy
- monitor performance against financial targets
- appoint and oversee the performance of executive management

and generally to take and fulfil an effective leadership role in relation to the Group.

4 Powers

The Board has responsibility for the matters specified in Section 3 and, in addition to those matters reserved to it by law, reserves to itself the following matters and all power and authority in relation to those matters:

- composition of the Board itself including appointment and retirement or removal of Directors
- oversight of the Group including its control and accountability systems
- appointing and removing the CEO
- ratifying the appointment of and, where appropriate, the removal of senior management including the Chief Operating Officer, Chief Financial Officer and Company Secretary

- overseeing the systems of risk management and internal compliance and control, codes of ethics and conduct, and legal and regulatory compliance
- monitoring senior management's performance and implementation of strategy, and ensuring appropriate resources are available
- approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures
- approving and monitoring financial and other reporting
- performance of investment and treasury functions
- monitor industry developments relevant to the Group and its business
- developing suitable key indicators of financial performance for the Group and its business
- input into and final approval of management's development of corporate strategy and performance objectives
- the overall corporate governance of the Group including the strategic direction, establishing goals for management and monitoring the achievement of these goals
- oversight of Board Committees.

To assist in the execution of its responsibilities, the Board has the authority to establish Committees (and delegate powers accordingly) to consider such matters as it may consider appropriate including, by way of example only, audit matters, finance and business risks, remuneration, and nominations, and to establish a framework for the effective and efficient management of the Group.

5 Composition

The composition of the Board is determined according to the following principles:

- the Board must comprise members with a broad range of experience, expertise, skills and contacts relevant to the Group and its business
- there should be at least three but no more than ten Directors
- the number of Directors may be increased where the Board considers that additional expertise is required in specific areas or when an outstanding candidate is identified
- the Chairman must be a non-executive Director who is also Independent
- a majority of Directors will be non-executive Directors who are independent of management.

6 Independence

The Board has adopted the following definition of an Independent Director:

- An independent director is a non-executive director (i.e. is not a member of management) and:
    - is not a substantial shareholder of the company or an officer of, or otherwise associated directly with, a substantial shareholder of the company

- within the last three years has not been employed in an executive capacity by the company or another group member, or been a director after ceasing to hold any such employment
- within the last three years has not been a principal of a material professional adviser or a material consultant to the company or another group member; or an employee materially associated with the service provided
- is not a material supplier or customer of the company or other group member; or an officer of or otherwise associated directly or indirectly with a material supplier or customer
- has no material contractual relationship with the company or another group member other than as a director of the company
- is free of any business or other relationship which could, or could reasonably be perceived to, materially interfere with the independent exercise of their judgement or their ability to act in the best interests of the company.

- The Board will regularly assess the Independence of each Director in the light of the interests disclosed by them, and each Director will provide the Board with all relevant information for this purpose. The Independence of Directors will be disclosed in the Annual Report. Where the Independence of a Director is lost, this will be immediately disclosed to the market.

7 Appointment and Retirement

- When a vacancy exists, through whatever cause, or where the Board considers that it would benefit from the services of a new member with particular skills, the Board considers a panel of candidates having regard to:
  - what may be appropriate for the Company and the Group
  - the skills, expertise and experience of the candidates
  - the mix of those skills, expertise and experience with those of the existing Directors
  - the perceived compatibility of the candidates with the Group and with the existing Directors.
- Potential candidates to be appointed as Directors are considered by the Board. The Board then appoints the most suitable candidates who (assuming that they consent to act as Directors) continue in office only until the next Annual General Meeting (AGM) and are then eligible for election but are not taken into account in determining the number of Directors to retire by rotation at the AGM.
- The terms and conditions of the appointment of all new members of the Board must be specified in a letter of appointment. The letter of appointment may refer to the Constitution and to this document.
- Under the Constitution at least one third of all Directors, excluding the CEO (if a Director) being the longest serving Directors, must retire at each AGM. Directors, excluding the CEO (if a Director), must also retire if a third AGM falls during the period in which they have held office. Retiring Directors are eligible to be re-elected.

8 Performance Review and Evaluation

- The performance of all other Directors is reviewed and assessed each year by the Chairman.
- The performance of the Chairman is reviewed and assessed each year by the other Directors.
- The evaluation criteria and process to be followed is the same in each case.
- The Chairman determines the evaluation criteria and process.
- Members of the Board whose performance is unsatisfactory are asked to retire.
- An external assessment of the Board's policies and procedures, and its effectiveness generally, should be conducted by independent professional consultants at intervals of no more than five years unless a majority of the independent directors request such a review be conducted at an earlier interval.

9 Training and Advice

- Directors are provided with proper information in relation to the Company and the Group before accepting appointment, and also with a proper induction course on accepting appointment, in each case appropriate for them to discharge their responsibilities in office.
- Directors are provided with access to continuing education in relation to the Group extending to its business, the industry in which it operates, and generally information required by them to discharge the responsibilities of their office.
- Each Director has the right to seek independent legal or other professional advice at the Company's expense. Prior approval from the Chairman is required but may not be unreasonably withheld or delayed.

10 Meetings

- Board meetings are normally held every second month but will number not less than six in any year.
- Papers for Board and Committee meetings are circulated, wherever practical, at least five days before the relevant meeting.
- Draft minutes of Board and Committee meetings (for consideration and approval at the next relevant meeting) are circulated within ten days following each meeting.

11 Company Secretary

The Company Secretary is accountable to the Board, through the Chairman, on all corporate governance matters and is responsible for monitoring that the Charter is duly followed and for coordinating the completion and despatch of Board and Committee agenda and briefing materials as well as draft minutes of meetings of the Board and all Committees for approval at the next meeting.

12 Committees

- The Board may establish Committees to assist it in carrying out its function and for its effective and efficient performance and will adopt a charter for each Committee established dealing with the scope of its responsibility and relevant administrative and procedural arrangements.
- The Committees established and subsisting at the date of this document are the following:
  - Audit and Risk Management Committee
  - Remuneration Committee.

13 Ethical Standards and Values

- All Directors and all officers of the Company and each other company in the Group must act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company and the Group and, where possible, to act in accordance with the interests of shareholders, staff, clients and all other stakeholders in the Company.
- The Directors must comply with the Code of Ethics and Values in the exercise of their duties.

14 Dealing in Securities

The Constitution permits Directors to acquire Securities. Company policy prohibits any dealing in, or procuring the dealing in, Securities except in accordance with the Code of Conduct for Dealing in Securities.

15 Enterprise Risks

- The Board has the responsibility for the maintenance of the strategy of the Company which includes the identification of significant enterprise risks. The Audit and Risk Management Committee reviews the major risks affecting the Group and each business line and the strategies to mitigate these risks.
- Once a risk is identified, an action plan is instigated, and the Audit and Risk Management Committee, (and, through it, the Board) is informed of the action plan proposed by management. The Audit and Risk Management Committee must approve the action plan. Corrective action is taken as soon as practicable. Major business risks arise from such matters as actions by competitors, changes in government policy and use of information systems.
- The Group Operating Policies & Procedures, which are available to all personnel and with which they are required to comply, contains risk management procedures that aim to address risk management issues including the risk that professional indemnity claims may be made against the firm.
- The CEO and CFO must each provide a statement to the Board with any financial report to the effect that the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

16 Communication with Shareholders

The Board aims to ensure that shareholders are informed of all major developments affecting the Group's state of affairs. Information is communicated to shareholders as follows:

- The Company's continuous disclosure obligations are reviewed as a standing item on the agenda for each regular meeting of the Board. Each Director is required at every such meeting to confirm details of any matter within his knowledge that might require disclosure to the Australian Securities Exchange (ASX).
- The Annual Report is distributed to all shareholders, by either electronic or paper form. The Board ensures that the Annual Report includes relevant information about the operations of the Group during the year, changes in the state of affairs of the Group, and details of future developments in addition to the other disclosures required by the Corporations Act 2001. To assist shareholders in communicating issues to the Board, reply paid question cards are issued with the Annual Report.
- Proposed major changes in the Group which may impact on share ownership rights and the removal and appointment of Directors are submitted to a vote of shareholders at an AGM. If resolutions are required to be put to shareholders before the next AGM, a general meeting will be called with at least 28 days' notice in accordance with the Constitution. The Board encourages the full participation of shareholders at the AGM and at other general meetings to ensure a high level of accountability and identification with the Group's strategy and goals.
- The external auditors will be requested to attend the AGM and be available to answer questions by shareholders on the conduct of the audit and the preparation and content of the audit report.
- The half-yearly report contains summarised financial information and a review of the operations of the Group during the period. The report is lodged with and available from the ASX and the ASIC. It is also sent to any Shareholder who requests it from the Company.
- Company announcements are made in a manner which is factual, timely, clear, and objective manner, and so as not to omit any information material to decisions of shareholders and potential investors in the Company.
- Information concerning the Group, including copies of announcements made through the ASX and the Annual Report and half-yearly report, is made available to shareholders and prospective investors on the Ausenco website. The Group has a continuing commitment to electronic communication with shareholders and stakeholders generally including via its website.

17 Recognition of Interest of Stakeholders

- Directors must recognise that their primary responsibility is to shareholders as a whole, however the Group must function within, and operate with a sense of responsibility to, the wider community as well as to shareholders. It is the Group's belief that this sense of responsibility to stakeholders generally is an essential part of its role within the broad community and represents not only sound ethics but also good business sense and commercial practice.
- As part of this broad responsibility the Group welcomes constructive feedback on its contribution to and role within the community at AGMs and via its website.