



# **Board Charter**

## **1. Introduction**

The Board of Austin Engineering Limited (Company) is responsible to the Company's shareholders for the overall strategy, performance, and governance of the Company and its related bodies corporate (Group). The role of the Board is to demonstrate leadership, provide strategic guidance to the Group, to guide and monitor the management, business and affairs of the Group and to promote a culture which supports its core values.

In addition to fulfilling its obligations to generate value for the Company's shareholders, the Board recognises that it has responsibilities to the Group's customers, employees and suppliers and to the welfare of the communities in which the Group operates.

The Board meets regularly to review the Group's performance and progress against the strategy. The Board does not manage the day-to-day operations of the Group. This is delegated to management through the Managing Director. The Board's conduct is also governed by the Company's Constitution.

## **2. Role and Responsibilities**

The role and responsibilities of the Board include:

- approving the Group's purpose and values;
- approving the Group's strategy, business plans and policies;
- monitoring the Group's strategic direction and portfolio of activities, and overseeing management in its instilling of the Group's core values;
- setting the Group's risk appetite (and risk management framework) and monitoring and reviewing the financial and non-financial risk management systems, including internal compliance and control mechanisms;
- approving the annual report and financial statements (including the directors' report and remuneration report) and any other published reporting, upon recommendation from the Audit and Risk Committee, and in accordance with the Constitution, Corporations Act, ASX Listing Rules and any other applicable regulations;
- approving and monitoring operating budgets, major capital expenditure, capital management and capital raising initiatives, and acquisitions and divestments;
- approving the dividend policy of the Company and authorising payment of dividends;
- overseeing the Group's accounting and corporate reporting systems, reviewing the effectiveness of these systems in ensuring they result in adequate, accurate and timely information being provided to the Board, and appointing, re-appointing or removing the Company's external auditors and approving the auditor's remuneration, upon recommendation from the Audit and Risk Committee;
- approving and monitoring the effectiveness of the Group's system of corporate governance (and its governance practices), including formation of Board committees and the terms of applicable governing charters;
- monitoring and guiding the culture, reputation and standards of conduct of the Group;
- approving the Company's Code of Conduct, Continuous Disclosure Policy and other Group level policies, monitoring their effectiveness, and addressing any material breaches;
- approving the Group's remuneration policies for non-executive directors, the Managing Director and senior executives, and ensuring these policies are aligned with the Group's purpose, core values, strategic objectives, and risk appetite, upon recommendation from the Nomination & Remuneration Committee;
- determining the size, composition and structure of the Board, and the process for evaluating its performance;
- appointing and removing the CEO/Managing Director, and approving the remuneration of and overseeing the performance review of the CEO/Managing Director;
- approving the appointment and replacement of other senior executives;
- approving and reviewing succession plans for the Managing Director and Group's senior executives;



- reviewing annually the Company's diversity initiatives and measurable objectives, and progress towards their achievement;
- monitoring the Group's performance in delivering its strategic plans;
- approving and monitoring the systems and policies to ensure integrity of budgets, financial statements and other reporting;
- overseeing and approving strategies for the Company to maintain a strong balance sheet and sound credit rating over time;
- overseeing the management of the Group's interactions, disclosures and communications with shareholders and overseeing the effectiveness of the Group's sustainability policies;
- whenever required, challenging management and holding it to account.

### 3. The Role of Management

The role of Management is:

- the day-to-day management of the Company and its businesses is the responsibility of the CEO/ Managing Director, supported by the Group's senior executives;
- the Board delegates to the CEO/Managing Director all powers to manage the day-to-day business of the Group, subject to those powers reserved to the Board above and any specific delegations of authority approved by the Board;
- the key responsibilities of the CEO/Managing Director are to:
  - manage and administer the day-to-day operations of the Company and its businesses in accordance with the purpose, core values, strategy, business plans and policies approved by the Board;
  - develop strategies for the Company, its businesses and management, and make recommendations to the Board on such strategies;
  - develop the Group's annual budget and conduct the activities within the approved annual budget;
  - develop strategies for the Company to maintain a strong balance sheet and sound credit rating over time;
  - develop and maintain the Group's risk management systems, including internal compliance and control mechanisms and ensure the Group is operating within the risk appetite set by the Board;
  - ensure compliance with the Group's continuous disclosure obligations, in accordance with the role and responsibilities delegated under the Continuous Disclosure Policy;
  - assign responsibilities clearly to the senior executives, and supervise and report on their performance to the Board;
  - recommend to the Board significant operational changes, and major capital expenditure, acquisitions or divestments, which are beyond delegated thresholds;
  - report regularly to the Board with accurate, timely and clear information, such that the Board is fully informed to discharge its responsibilities effectively;
  - implement the strategies, policies, processes and codes approved by the Board;
  - exercise such additional powers as are delegated to the CEO/Managing Director by the Board from time to time; and
  - instil and reinforce the Group's purpose and core values to support a culture that promotes ethical and responsible behaviour.

### 4. Composition, Size and Structure

The Board is responsible for determining an appropriate mix of skills, knowledge, experience, expertise and diversity on the Board, necessary to review and approve the strategic direction of the Group, and to guide and monitor the management of the Company, upon recommendation from the Nomination & Remuneration Committee.



The number of directors on the Board shall be determined in accordance with the Company's Constitution and the requirements of the Corporations Act.

The Board will be comprised of a majority of independent non-executive directors. The Board will also be responsible for approving (upon the recommendation of the Nomination & Remuneration Committee, where appropriate) any diversity targets and monitoring progress against them.

## **5. Tenure**

The Board will review periodically its composition and the duration of terms served by directors, upon recommendation from the Nomination & Remuneration Committee.

The Nomination & Remuneration Committee is responsible for developing and reviewing the succession plans of the Board (including the role of Chair), with the aim of maintaining an appropriate mix of skills, experience, expertise and diversity on the Board over time. Further information is outlined in the Nomination & Remuneration Committee Charter, which is disclosed on the Company's website.

The Nomination & Remuneration Committee is responsible for identifying existing directors who are due for re-election at Annual General Meetings, in accordance with the Constitution and the requirements of the ASX Listing Rules, and notifying the Board.

Each non-executive director shall take into account the views of other non-executive directors of the Company when deciding whether to stand for re-election.

## **6. Performance Review**

The Board is responsible for undertaking an evaluation process to review its performance and that of its committees annually. The Nomination & Remuneration Committee is responsible for scheduling these reviews.

## **7. Director Independence**

To be judged independent, a director must, in the opinion of the Board, be free of any interest, position or relationship that might influence, or reasonably be perceived to influence, [in a material respect] his or her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company as a whole rather than in the interests of an individual security holder or any other person.

Generally individuals would, in the absence of evidence or convincing argument to the contrary, not be characterised as independent if they were:

- employed, or had previously been employed in an executive capacity by the Company or any of its subsidiaries in the three years prior to becoming a director;
- receiving performance-based remuneration (including options or performance rights) from, or participating in an employee incentive scheme of, the Company;
- within the last three years, in a material business relationship (e.g. as a supplier, professional adviser, consultant or customer) with the Company or another group member, or is an officer of, or otherwise associated with, someone with such a relationship;
- within the last three years, a substantial shareholder of the Company, or a representative of, an officer or employee of, or professional adviser to, a substantial shareholder of the Company;



- possessing personal ties with any person who falls within any of the categories described above; or a director of the Company for such a period that his or her independence from management and substantial shareholders may have been compromised.

The Company will disclose the Board's view of the independence of each director in the Company's annual report.

If a director has an interest, position or relationship of the type described above, but the Board is of the opinion that it does not compromise the independence of that director, the Company may consider disclosing in the Company's annual report the nature of the interest, position or relationship in question and an explanation of why the Board is of that opinion.

Any change in the nature of the independence status of a non-executive director must be promptly notified to the Board Chair and Company Secretary and the Board will review that director's independence status. If the Board determines that there has been a change to the independence status of a non-executive director, the Board will take steps to ensure that this change is disclosed and explained in a timely manner to the market.

## **8. Appointment and Responsibilities of the Chair**

The Board shall appoint a Chair in accordance with the Company's Constitution.

The Chair must be independent and satisfy the criteria for independence outlined above.

The role of Chair must not be held by someone who is performing the role of management.

The Chair's responsibilities include:

- providing leadership to the Board and the Group;
- seeking to ensure the efficient organisation and conduct of the Board's functions;
- facilitating Board discussions to seek to ensure that key issues facing the Group are being addressed;
- facilitating the effective contribution and ongoing development of all directors;
- monitoring the performance of the Board, Board Committees, and individual directors;
- maintaining a regular dialogue and mentoring relationship with the CEO/Managing Director and other senior executives;
- maintaining regular contact with the Company Secretary on Board and governance matters affecting the Board;
- promoting constructive and respectful relations among directors and between the Board as a whole and management;
- chairing Board and shareholder general meetings;
- approving board agendas and ensuring that adequate time is available for discussion of all agenda items, including strategic issues; and
- exercise of such specific and express powers as are delegated to the Chair by the Board from time to time.

## **9. Company Secretary**

The Board must appoint at least one secretary in accordance with the Constitution.

Appointment and removal of the Company Secretary is subject to Board approval.



The Company Secretary is accountable to the Board, through the Chair, on all matters to do with the proper functioning of the Board.

Each director has a right of access to the Company Secretary at all times.

The role of the Company Secretary includes:

- advising the Board and Board committees on governance matters;
- monitoring that Board and committee policy and procedures are followed;
- co-ordinating the timely completion and dispatch of Board and committee papers;
- overseeing a process to ensure that all directors receive copies of all material market announcements promptly after they have been made;
- ensuring that the business at Board and committee meetings is accurately captured in the minutes; and
- helping to organise and facilitate the induction and professional development of directors.

## **10. Role of the Board Committees**

The Board may delegate responsibilities to committees of the Board from time to time.

The Board has established the following Committees to assist in discharging its responsibilities:

- Nomination & Remuneration Committee;
- Audit and Risk Committee; and
- Workplace, Health and Safety Committee.

Any decision-making powers delegated to a Committee must be specified by the Board.

The role and responsibilities of each Committee and details of their membership are set out in a charter for each Committee, which is approved by the Board.

The Chair of each Committee provides regular updates to the Board on material matters arising at meetings of the Committee.

## **11. Board Meetings and Papers**

The Board shall meet at least eight times per year, and otherwise as often as the directors determine necessary to enable the directors and the Board to fulfil their duties and responsibilities to the Company.

A director may call a meeting of the directors, and the Company Secretary must, if requested by a director, call a Board meeting.

The Company Secretary is responsible for distributing Board meeting papers to directors prior to each meeting.

A quorum for a Board meeting shall be determined in accordance with the Constitution.

The Chair is responsible for the conduct of all Board meetings, including briefing all directors in relation to the issues arising at Board meetings. The Chair has a casting vote, subject to the terms of the Constitution.

Draft minutes of each Board meeting shall be prepared by the Company Secretary promptly following the meeting for review by the Chair.



## 12. Access to Independent Professional Advice

Directors and Committees have the right, in connection with their duties and responsibilities, to seek independent legal or professional advice at the Company's expense. Prior approval of the Chair is required, which will not be unreasonably withheld. The other directors must be advised if the Chair's approval is withheld.

In the case of a request made by the Chair, approval is required by the Chair of the Audit and Risk Committee.

Whenever practicable, the independent legal or professional advice must be commissioned in the joint names of the director and the Company and, where appropriate, a copy of any such advice should be provided to and for the benefit of the entire Board.

## 13. External Directorships

Non-executive directors are required to discuss with the Chair any proposed external board, commercial, governmental, or not-for-profit board, committee, or executive appointment they are considering undertaking.

Where the Chair wishes to accept such an appointment, directorship, or other position, he or she must inform the Chair of the Nomination & Remuneration Committee.

Directors must advise the Company Secretary in writing of any external appointment as soon as possible after the appointment is confirmed.

## 14. Confidentiality

Each director has a duty to maintain the confidentiality of information he or she learns by virtue of his or her position as director.

All proceedings of the Board, including Board papers, presentations and other information provided to the Directors, must be kept confidential except as required by law or as agreed to by the Board.

## 15. Ethical Standards and Legal Duties

### Code of Conduct

Each director shall abide by the terms of the Company's Code of Conduct and is expected to uphold the ethical standards and corporate behaviour described in the Code.

### Duties

The Board will operate in a manner reflecting the values of the Group and in accordance with its agreed corporate governance guidelines, the Constitution, the Corporations Act and all other applicable laws and regulations.

### Conflicts of interest

Each director has a fiduciary and statutory duty not to place themselves in a position which gives rise to, or is perceived to give rise to, a real or substantial possibility of conflict, whether it be a conflict of interest or conflict of duties.

A director must inform the Board or the Chair, as soon as the director is aware of any conflict or potential conflict of interest, which that director may have in relation to any particular item of business.

Unless decided otherwise by the other members of the Board, the director should be absent from discussion and decision on that matter.



Directors must comply strictly with Corporations Act requirements and the Board's Conflicts of Interest Policy disclosed on the Company's website.

**Dealing in shares**

Directors must ensure any dealings in shares are in strict compliance with the Company's Share Trading Policy and otherwise in accordance with the values of honesty and integrity.

**16. Review of Board Charter**

The Board will from time to time review the Charter to ensure that it meets best practice standards, complies with the ASX Corporate Governance Principles and Recommendations and meets the needs of the Group and the Board.