

Aurizon Network Pty Ltd

Board Charter

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Aurizon Holdings Limited (the Company)

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Aurizon Network Pty Ltd

Board Charter

1. Introduction

- 1.1 This Board charter (**Charter**) sets out the functions and responsibilities of the Board of Directors (**Board**) and of management of the Company.
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2. Composition of the Board

- 2.1 The Board is to comprise those directors nominated by Aurizon Holdings Limited (the Holding Company) from time to time and duly appointed in accordance with the Company's constitution (**Constitution**).
- 2.2 The Board should comprise a majority of non-executive directors who are assessed by the Board to be independent using the guidelines set out in section 3 below.
- 2.3 The Board must ensure that the requirements of the TI Act, as applicable, in relation to the structure and composition of the Board, are complied with.
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3. Board Independence

- 3.1 The majority of Directors are to be independent. A Director who is an executive of the Company or the Holding Company will not be considered to be independent.

The independence of a Director will be determined by the Board and a Director will be determined as being independent having regard to the following guidelines:

- the Director is not a substantial shareholder of the Company or the Holding Company or is not an officer of a substantial shareholder of the Company;
 - the Director has not within the last three years been employed by the Company or the Holding Company in an executive capacity or in the last three years been a principal or employee of a material professional adviser or consultant of the Company;
 - the Director has not been a material supplier or customer of the Company or otherwise been associated directly or indirectly with a material supplier or customer of the Company; and
 - the Director is free from any interest or relationship which could or could reasonably be perceived to materially interfere with the Director's ability to act in the best interests of the Company.
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4. Responsibilities of the Board

- 4.1 The Board has the ultimate responsibility for the review and oversight of the administration, management, strategic direction and governance of the Company.
- 4.2 The Board and each individual Director of the Board will at all times act in accordance with the Constitution, all relevant Company policies and all applicable legislation.
- 4.3 The Board does not manage the day to day operations of the Company and reserves certain functions (listed below) to itself and delegates other functions to management through the EVP & CEO Aurizon Network (**CEO**).

The Board's key responsibilities are:

- a) overseeing and monitoring management of the affairs of the Company;
- b) evaluating, approving and monitoring strategic and major business developments;

- c) ensuring that the Company prepares general purpose financial statements for the Company in accordance with relevant legislation and applicable Australian accounting standards; which financial statements include a supplementary set of financial statements separately identifying the Company's business in respect of the network Rail Infrastructure regulated by an access undertaking given by the Company to the QCA from any other business conducted by the Company;
 - d) approving access agreements in accordance with the requirements of
 - i. the TI Act; and
 - ii. any applicable access undertakings given by the Company to the QCA;
 - e) ensuring that all transactions between the Company and any related parties in relation to access to the Company's network Rail Infrastructure are conducted on an arms-length basis;
 - f) monitoring the Company's operations in relation to, and compliance with, relevant regulatory requirements, including compliance with the QCA Act and the TI Act;
 - g) supporting a safety culture based on a philosophy of "zero harm" to employees, contractors, customers and members of the public; and
 - h) ensuring that an appropriate safety, health and environment policy framework is in place to support safe workplace practices and minimise the impact of operational activities on the built and natural environment.
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5. Meetings

- 5.1 The Board will meet in accordance with its Constitution and Directors will use all reasonable endeavours to attend Board meetings.
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6. Conduct of Directors

- 6.1 In accordance with statutory requirements and the common law, Directors shall at all times act honestly, fairly and ethically and discharge their duties in good faith and in the best interests of the Company as a whole.
 - 6.2 Directors must observe high standards of good governance and comply and act in a manner consistent with all codes of conduct and policies adopted from time to time by the Board and the Board of the Holding Company.
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7. Subsidiary Relationship with Holding Company

- 7.1 The Company is a subsidiary of Aurizon Operations Limited and Aurizon Holdings Limited (as the case may be, Holding Company)
 - 7.2 The Board must, to the greatest extent reasonably practicable, ensure that the Company and its officers and employees comply with and give effect to all guidelines, rules, policies and codes of conduct adopted from time to time by the Board of the Holding Company, except to the extent that giving effect to such guidelines, rules, policies and codes of conduct would be inconsistent with this Charter, the Company's obligations under the TIA Act or the QCA Act or the terms of any access undertakings it has provided to the QCA.
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8. Reporting

- 8.1 The Board, subject to the Company's ring fencing obligations under the QCA Act, must ensure that the Company provides sufficient information to the executive management team of the Holding Company from time to time to allow the Holding Company to comply with its financial reporting and other reporting and disclosure obligations (including continuous disclosure obligations).

9. Chairman and EVP & CEO Aurizon Network

9.1 Role of the Company Chairman

In accordance with the Constitution of the Company, the Board may appoint a Chairman and determine his or her period of office. The Chairman will be an independent Director.

The primary responsibilities of the Chairman are to:

- (a) chair Board meetings;
- (b) oversee the preparation of the agenda for Board meetings, in consultation with the CEO and Company Secretary of the Company and the Chairman, Managing Director & CEO and Company Secretary of the Holding Company; and
- (c) exercise such powers as are expressly delegated to the Chairman by the Board from time to time.

9.2 Appointment of EVP & CEO Aurizon Network and Senior Executives

The Managing Director & CEO of the Holding Company will appoint the CEO and other senior executives of the Company and from time to time determine the terms and conditions of employment of such persons and such appointments will be ratified by the Board of the Company.

9.3 Role and responsibilities of the EVP & CEO Aurizon Network

The primary responsibilities of the CEO are to:

- (a) manage and administer the operations of the Company;
- (b) report to the Board from time to time as required by the Board; and
- (c) report to members of the executive leadership team of the Holding Company from time to time in accordance with guidelines established by the Managing Director & CEO of the Holding Company. The reporting guidelines established by the Managing Director & CEO of the Holding Company must not be inconsistent with the Charter, the Company's obligations under the TIA Act or the QCA Act or the terms of any access undertakings it provides to the QCA from time to time.

10. Ringfencing obligations

10.1 The Company is subject to ringfencing obligations under the QCA Act and the access undertakings it provides to the QCA from time to time. The ringfencing obligations are procedures and measures for the purpose of separating the Company's regulated below-rail business from other businesses of the Aurizon Holdings Limited Group.

10.2 The Board is responsible for monitoring the Company's compliance with its ringfencing obligations.

11. Independent Advice

11.1 Each Director may seek external, independent professional advice at the Company's expense provided prior approval from the Chairman is obtained (such approval not to be unreasonably withheld) and the advice sought is to facilitate independent judgement in decision making relevant to the interests of the Company.

11.2 It is the Board's policy that, unless the Chairman reasonably determines otherwise, any external advice obtained is made available to all Directors.

12. Review of Board Charter

12.1 The Board will review annually this Board Charter and make any amendments it determines are necessary or desirable.

13. Definitions

In this Board Charter:

QCA means the Queensland Competition Authority.

QCA Act means the *Queensland Competition Authority Act 1997 (Qld)*.

TI Act means the *Transport Infrastructure Act 1994 (Qld)*.