

# Aurizon Holdings Limited Board Charter

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## **Aurizon Holdings Limited (the Company)**

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# Aurizon Holdings Limited

## Board Charter

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### 1. Statement of Commitment

- 1.1 The Aurizon Holdings Limited (the Company) Board (Board) is committed to and expects the highest standards of, integrity and strict compliance with the law from all Directors, senior management and employees of the Aurizon Holdings Limited Group.
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### 2. Introduction

- 2.1 This Charter set out the functions and responsibilities of the Board and the management of the Company.
- 2.2 The powers and duties of individual Directors are also set out in the Company's Constitution and at law.
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### 3. Composition of the Board

- 3.1 In accordance with Section 11 of the Company's Constitution, the Board shall comprise a minimum of three Directors. The maximum number of Directors will be that prescribed by the Company's Constitution from time to time.
- 3.2 Board composition principles and selection criteria are set out in the Selection, Appointment and Re-election of Non-Executive Director Policy.
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### 4. Board Independence

- 4.1 The majority of Directors will be Independent Non-Executive Directors and the Chairman shall be an Independent Non-Executive Director.
- 4.2 An Independent Non-Executive Director is a non-executive who is not a member of management and whom the Board considers independent having regard to the following criteria (as applicable):
- 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, without limitation:
- the Director is not a substantial shareholder of the 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 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, where materiality as a customer of the Company refers to payments of more than 2% of the Company's total consolidated revenue accumulated over the Company's last financial year and in relation to a materiality as a supplier, to payments that are the greater of either \$250,000 or 2% of total consolidated revenue accumulated over the supplier's last financial year;
  - in the absence of special circumstances or contrary decision by the Board, the period of office held by the Director is not more than nine years, calculated from the date of the Director's first election; 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.

If a Director does not meet these guidelines, it is not conclusive that the Director is not independent. The decision as to whether a Director is independent is a decision made by the Board.

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## **5. Director Tenure**

- 5.1 The tenure of non-executive Directors is governed by the Company's Constitution, the ASX Listing Rules and the Company's policy on appointment, selection and re-election.
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## **6. Role of the Board**

- 6.1 The Board is responsible for the overall stewardship, strategic direction, governance and performance of the Company and, in particular is accountable for:

### **(a) Governance**

- Responsibility for ensuring that the Company has an appropriate corporate governance structure to ensure the creation and protection of shareholder value;
- Establishing appropriate standards and encouraging ethical behaviour and compliance with the Company's Code of Conduct; and
- Monitoring the Company's compliance with corporate governance standards.

### **(b) Safety Health and Environment**

- Supporting a safety culture based on a philosophy of ZEROHarm to the Company's employees, contractors, customers, members of the public (and the environment); and
- Ensuring that an appropriate safety, health and environment policy framework is in place to support safe workplace practices in the Company and minimise the impact of the Company's operational activities on the built and natural environment.

### **(c) Business Strategy and Expenditure**

- Overseeing the development of and approving corporate strategy and guiding the implementation of that strategy;
- Ensuring the Company has in place appropriate processes for strategic planning, reviewing current strategy and considering alternative strategies;
- Directing monitoring and assessing the Company's performance against strategic and business plans;
- Approving and monitoring the progress of major capital expenditure, acquisitions and divestments.

### **(d) Management**

- Ensuring that there is an effective framework to balance the role of management in operating the Company and the role of the Board in monitoring, guiding and providing oversight;
- Delegating responsibility for the day to day operation and management of the Aurizon Holdings Limited Group to the Managing Director & CEO (MD&CEO) and senior management;
- Ensuring that a process is in place for executive succession planning and management of this process;
- Engaging and replacing the MD & CEO;
- Evaluating the MD & CEO's performance and putting in place succession plans for the MD & CEO;
- Approving the system of remuneration and benefits for the MD & CEO and his/her direct reports;
- Approving performance payments paid to the MD & CEO and his/her direct reports;

- Ensuring succession plans are in place for the MD & CEO and the MD & CEO's direct reports; and
- Appointing any person as a Director in accordance with the Company's Constitution.

**(e) Risk Management**

- Ensuring a process is in place to identify the principal risks to the Company's business; and
- Reviewing, ratifying and assessing the integrity of the Company's systems of risk management, legal compliance, and control.

**(f) Financial**

- Approving and monitoring financial and other reporting; and
- Approving major borrowings or granting security over assets.

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**7. Role of the Chairman**

- 7.1 The Chairman is selected in accordance with the Company's Constitution.
- 7.2 The Chairman will be an independent Director and the role of Chairman and MD & CEO will not be exercised by the same person.
- 7.3 The position of the Chairman will be reviewed by the Board annually at the end of each financial year and before the Annual General Meeting.
- 7.4 The Chairman is the official representative and spokesperson for the Board at the Company AGM's.
- 7.5 The Chairman's responsibilities include:
- Chairing Board meetings;
  - Providing leadership to the Board;
  - Ensuring the efficient organisation and conduct of the Board;
  - Promoting an environment of trust, respect and openness to ensure consultative and constructive relationships between Board and Management;
  - Establishing the agenda for Board meetings in consultation with MD & CEO and Company Secretary; and
  - Establishing and maintaining relationships with key shareholders.

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**8. Responsibility of Individual Directors**

- 8.1 Each Director is appointed pursuant to the terms of a letter of appointment.
- 8.2 In conjunction with the relevant provisions of the Company's Constitution, the Corporations Act and other regulations which together prescribe the duties and responsibilities of Directors, individual letters of appointment specify the time commitment envisaged, expectations in relation to committee work, remuneration arrangements, induction processes and securities dealing policies.
- 8.3 All Directors are encouraged to acquire and retain a beneficial interest in Aurizon shares. Within 6 years of the date of the Company's listing or appointment (whichever is the later date) Non-Executive Directors are expected to accumulate and maintain one year worth of Directors fees in shares in the Company (to be calculated with reference to the total fees paid during the period divided by the number of years) and the MD & CEO is expected to accumulate and maintain one year worth of fixed remuneration in shares in the Company (to be calculated with reference to the total fees paid during the period divided by the number of years).

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**9. Meetings**

- 9.1 The Board will meet in accordance with its Constitution and Directors will use all reasonable endeavours to attend Board meetings and Company shareholding meetings.
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## **10. Conduct of Directors**

- 10.1 The Committee will review its performance and Charters at least annually and make recommendations as it sees fit to the Board.
- 10.2 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.
- 10.3 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.
- 10.4 Directors are required to take all reasonable steps to avoid actual, potential or perceived conflicts of interests.
- 10.5 In accordance with the Company's Constitution and at law, Directors must disclose any conflicts of interest and abstain from participating in any discussion or voting on matters in which they have a material personal interest.
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## **11. Role of Managing Director & CEO**

- 11.1 The MD & CEO is appointed by the Board and is responsible to the Board for the management and performance of the Company and for the development and implementation of strategy. The MD & CEO manages the Company in accordance with the budget and strategy endorsed by the Board.
- 11.2 The MD & CEO has primary responsibility to bring to the attention of the Board and each Committee, issues which fall within the Board's accountabilities or within the Committee's accountabilities and delegated authority and any other issue which the MD & CEO considers requires the attention of the Board and Committees.
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## **12. Role of Company Secretary**

- 12.1 The Company Secretary is appointed by the Board in accordance with the Company Constitution.
- 12.2 The Board is supported by the Company Secretary who is accountable for facilitating the Company's corporate governance processes and providing general advice to the Board. The Company Secretary is responsible to the Board for ensuring that Board procedures are complied with.
- 12.3 The appointment and removal of the Company Secretary is a matter for the Board. Other persons may be appointed Acting Company Secretary or as an additional Company Secretary.
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## **13. Relationship between Board and Management**

- 13.1 The Company's MD & CEO and senior management have responsibility for the day-to-day management of the Company, however ultimate responsibility for strategy and oversight rests with the Directors.
- 13.2 The MD & CEO is accountable to the Board for the exercise of authority delegated to management. The MD & CEO and senior management will report to the Board on the exercise of these powers as required by Board.
- 13.3 Management must supply sufficient and timely information to the Board to allow it to discharge its duties effectively. The Board must independently assess the information provided by management and review key elements of the operations of the Company.
- 13.4 Specific responsibilities delegated to management are set out in the position descriptions relating to all senior management positions, and in the Company's approved delegation framework.

A key function of the Board is to monitor the performance of management according to the strategies and objectives decided by the Board. Directors have access to senior management through the Chairman, MD & CEO or Company Secretary at any time. In addition to regular attendance by senior management at Board meetings, Directors may seek briefings co-ordinated by the MD & CEO and/or Company Secretary from senior management on specific matters in accordance with the annual Board agenda, and as otherwise required.

- 13.5 The Board retains the ultimate legal responsibility for the exercise of powers delegated to senior management. In particular, the Board is responsible for ensuring that powers and functions are in each case delegated in a responsible and appropriate manner, and that the exercise of these powers, as well as any reports and information provided by management, are independently assessed by the Board.
- 13.6 The Board recognises that appropriate structures and procedures are to be maintained to ensure the Board retains its independence and functions independently of management. Structures include the independence of Directors, the separation of Chairman and MD & CEO and periodic meetings of Non-Executive Directors without management.

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#### **14. Committees**

- 14.1 The Board may from time to time establish committees to assist it in discharging its responsibilities. For each standing committee, the Company adopts a Charter.
- 14.2 The Board may also delegate specific functions to ad hoc committees from time to time. The powers delegated to these committees are set out in board resolutions.
- 14.3 Except as stated in the relevant committee Charter, or as otherwise stated by the Board, Board committees have limited delegated authority from the Board and exist predominantly to provide recommendations to the Board on issues within the purview of the respective committee.
- 14.4 All Directors are entitled to attend committee meetings as non-members and are entitled to receive committee papers provided that this does not give rise to any conflicts.
- 14.5 The Board undertakes an annual review of each committee's membership and performance.
- 14.6 The Board reviews the committee remits periodically to ensure they remain consistent with the Board's objectives and responsibilities.

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#### **15. Independent advice**

- 15.1 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.
- 15.2 It is the Board's policy that, unless the Chairman reasonably determines otherwise, any external advice obtained is made available to all Directors.

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#### **16. Review of Board Performance**

- 16.1 The Board undertakes an annual performance evaluation on its assessment of its performance.
- 16.2 From time to time, an external consultant may be engaged by the Chairman to assist with the evaluation and review of Board performance.

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## **17. Board Standards and Policies**

17.1 The Board has a number of standards and policies which it will approve from time to time in accordance with ASX and ASIC guidelines and general industry standards.

These include:

- a) Code of Conduct
- b) Risk Management Plan
- c) Delegation of Authority
- d) Committee Charters
- e) Selection, Appointment and Re-election of Non-Executive Director Policy
- f) Securities Dealing Policy
- g) Disclosure and Communications Policy
- h) Diversity Policy

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## **18. Review**

18.1 The Board will review this Charter periodically to ensure it remains consistent with the Board's objectives and responsibilities.