

Board Charter

SAUNDERS INTERNATIONAL LIMITED
ABN 14 050 287 431

CONTENTS

1. INTRODUCTION1

2. DEFINITIONS1

3. RESPONSIBILITIES OF THE BOARD1

4. COMPOSITION OF THE BOARD3

5. APPOINTMENT OF DIRECTORS4

6. ALLOCATION OF RESPONSIBILITIES5

7. CEO and CFO ASSURANCES8

8. CODE OF CONDUCT9

9. DELEGATION OF AUTHORITY9

10. POLICIES.....9

11. REVIEW AND AVAILABILITY9

Board Charter

1. INTRODUCTION

1.1 This Charter sets out the functions and responsibilities of the Board and Management of the Company.

2. DEFINITIONS

2.1 In this Charter:

- (1) **Board** means the board of directors of the Company;
- (2) **CEO** means the Chief Executive Officer;
- (3) **CFO** means the Chief Financial Officer;
- (4) **Chair** means the chair of the Board;
- (5) **Charter** means this Board Charter;
- (6) **Constitution** means the Company's constitution;
- (7) **Management** means the CEO and the CFO and to the extend relevant, the members of the leadership team that report to the CEO; and
- (8) **Secretary** means the Company secretary.

3. RESPONSIBILITIES OF THE BOARD

3.1 The Board is responsible for, and has the authority to determine, all matters relating to the strategic direction, policies, practices, establishing goals for management and the operation of the Company. Without intending to limit this general role of the Board, the specific functions and responsibilities of the Board include:

- (1) representing the shareholders' interests in the direction and management of the Company;
- (2) overseeing the management of the Company, including its control and accountability systems, its risk monitoring systems and its performance objectives;
- (3) overseeing the Occupation Health and Safety Policy and Performance of the Company. Safety performance will be reviewed at most Board meetings and other occasions where appropriate;

- (4) appointing and removing the CEO (or equivalent), including approving remuneration of the CEO and the remuneration policy and succession plans for the CEO;
- (5) ratifying the appointment and, where appropriate, removing the CFO (or equivalent) and the Secretary and the senior executives who report to the CEO;
- (6) providing leadership and guidance into the establishment of the Company's strategic and performance objectives and into the approval of Management's development of corporate strategy and performance objectives;
- (7) reviewing and approving the Company's financial accounts for submission to relevant Australian regulatory authorities;
- (8) reviewing and approving the annual budget and business plans;
- (9) monitoring the financial performance and other significant issues and outcomes on a periodic basis;
- (10) reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- (11) monitoring Management's performance and implementation of strategy, ensuring appropriate resources are available and ensuring succession plans are in place;
- (12) approving capital expenditure, capital management and acquisitions and divestitures where required under the Delegation of Authority Procedure and Matrix;
- (13) monitoring that the Company complies with its responsibilities under the Corporations Act, the ASX Listing Rules, the Company's Constitution and other relevant laws;
- (14) reviewing and approving any significant operations and external communications by the Company;
- (15) evaluating the performance of the Board, its committees and its directors on a periodic basis as necessary using processes that are appropriate;
- (16) approving the Company's corporate charters and policies, monitoring the Company's achievement of objectives set out in the policies, and reviewing the charters and policies periodically for relevance and currency;
- (17) determining the Company's dividend policy and the amount and timing of all dividends;
- (18) monitoring and reviewing the Company's Corporate Governance and approving the annual Corporate Governance Summary, Statement and Appendix 4G;
- (19) approving other matters where required under the Delegation of Authority (Procedure and Matrix).

4. COMPOSITION OF THE BOARD

4.1 Size

The Board will typically be comprised of 4 directors. This number may be increased where it is highlighted that additional expertise is required in specific areas, or when an outstanding candidate is identified. The number of directors may reduce to 3 for an interim period.

4.2 Independent directors

- (1) It is the Board's objective to be composed of at least two independent non-executive directors. This number may reduce for an interim period.
- (2) A director is independent and non-executive when he or she is not a member of management and when he or she:
 - (a) is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with a substantial shareholder of the Company (as defined in section 9 of the *Corporations Act 2001*);
 - (b) has not, within the last 3 years, been employed in an executive capacity by the Company or another group member, or been a director after ceasing to hold any such employment;
 - (c) has not, within the last 3 years, 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;
 - (d) 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;
 - (e) has no material contractual relationship with the Company or another group member other than as a director of the Company;
 - (f) has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company; and
 - (g) is free from any interest and any business or other 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.

4.3 Expertise

- (1) The Board shall ensure that, collectively, it has the appropriate range of expertise to properly fulfil its responsibilities, including:
 - (a) accounting and finance;
 - (b) business;
 - (c) engineering and/or construction industry or related industry;
 - (d) CEO-level experience.

- (2) The Board shall review the range of expertise of its members on a regular basis and ensure that it has operational and technical expertise relevant to the operation of the Company.

5. APPOINTMENT OF DIRECTORS

5.1 Directors are appointed in accordance with the terms of the Constitution.

5.2 Subject to the number of directors allowed under the Constitution, a director may be appointed by an ordinary resolution of the Company in a general meeting. Where a director's position becomes vacant in between such elections, the Board may appoint a replacement director. Such a replacement director will only hold office until the next annual general meeting of the Company.

5.3 The terms and conditions of the appointment and retirement of members of the Board will be set out in a letter of appointment, which shall include the following matters:

- (1) the term of the appointment, subject to member approval;
- (2) time commitments envisaged;
- (3) the services and responsibilities of directors;
- (4) any special duties or arrangements attaching to the position;
- (5) circumstances in which an office of director becomes vacant;
- (6) expectations regarding involvement with committee work;
- (7) remuneration and expenses;
- (8) superannuation arrangements;
- (9) the requirement to disclose directors' interests and any matters which affect the director's independence;
- (10) trading policy governing dealings in securities (including any share qualifications) and related financial instruments by directors, including notification requirements;
- (11) induction, training arrangements;
- (12) indemnity and insurance arrangements;
- (13) confidentiality and rights of access to corporate information; and
- (14) a copy of the Constitution

6. ALLOCATION OF RESPONSIBILITIES

6.1 Chair

- (1) The Board elects the Chair in accordance with the Constitution.
- (2) The Chair is responsible for leadership of the Board, for the efficient organisation and conduct of the Board's function, and for the briefing of all directors in relation to issues arising at Board meetings.
- (3) The Chair's specific duties are to:
 - (a) chair board meetings;
 - (b) establish the agenda for Board meetings in consultation with the CEO;
 - (c) ensure Board minutes properly reflect Board decisions;
 - (d) chair meetings of Shareholders' including the Annual General Meeting of the Company;
 - (e) be the spokesperson for the Company at the annual general meeting;
 - (f) be the major point of contact between the Board and the CEO;
 - (g) be kept fully informed of current events by the CEO on all matters which may be of interest to directors;
 - (h) regularly review with the CEO and such other senior officers as the CEO recommends, progress on important initiatives and significant issues facing the Company;
 - (i) provide mentoring for the CEO;
 - (j) chair the CEO evaluation process through the Board;
 - (k) commence the annual process of Board and director evaluation; and
 - (l) authorize the expenses of other directors and the CEO.
- (4) The Chair may be removed from office in accordance with the Constitution.

6.2 Individual directors

In accordance with statutory requirements and in keeping with developments at common law, directors have the following responsibilities:

- (1) exercise their powers and discharge their duties in good faith and in the best interests of the Company;
- (2) use their powers of office for a proper purpose and not for personal advantage or for the benefit of another party;
- (3) use due care and diligence;

- (4) make a reasonable effort to become and remain familiar with the affairs of the Company;
- (5) attend all Board meetings and Board functions unless there are valid reasons for non-attendance; and
- (6) commit the necessary time and energy to Board matters to ensure that they are contributing their best endeavours in the performance of their duties for the benefit of the Company, without placing undue reliance on other directors to fulfil these duties.
- (7) Directors (including the Chair) are required to comply with the conflict of interest provisions under the Constitution.
- (8) Directors, including the Chair are required to comply with the provisions of the Company's Securities Trading Policy as it applies to their holdings and trading of shares in the Company. In accordance with the Listing Rules, each director is required to enter into an agreement with the Company to provide details of his or her "relevant Interest" in the Company's securities upon appointment and within 3 business days of a change in the "relevant Interest" and following retirement. The Company is required to notify the ASX of any change in a director's interest within 5 business day of the change.

6.3 The CEO

- (1) The CEO is appointed by the Board.
- (2) The CEO is responsible for the ongoing management of the Company in accordance with the strategy, policies and programs approved by the Board.
- (3) The CEO's responsibilities include but are not limited to:-
 - (a) ensuring a safe workplace for all employees, contractors and others involved with the operations of the Company;
 - (b) ensuring a commitment by the management and supervision of the Company to the OHS System and Procedures and to continuous improvement of OHS outcomes.
 - (c) developing with the Board, a consensus for the Company's vision and direction;
 - (d) constructing, with the Company's Management team, programs to implement this vision;
 - (e) lead the Management team's development of the corporate strategy and plan and performance objectives;
 - (f) lead and oversee the development of the annual budget and business plan;
 - (g) ensure the prudent financial management of the organisation;
 - (h) ensure that the financial management systems and reporting are appropriate, robust and timely;
 - (i) monitor the financial performance and other significant issues and outcomes on an appropriate periodic basis;

- (j) ensure that the systems of risk management and internal compliance and control, codes of conduct and legal compliance are appropriate for the company and its scope of activities;
- (k) negotiating the terms and conditions of appointment of senior executives for Board approval;
- (l) appointing members of the management team;
- (m) endorsing the terms and conditions of appointment of all other staff members;
- (n) providing strong leadership to, and effective management of, the Company in order to:
 - (i) encourage co-operation and teamwork;
 - (ii) build and maintain staff morale at a high level; and
 - (iii) build and maintain a strong sense of staff identity with, and a sense of allegiance to, the Company;
- (o) ensuring a culture of compliance generally, and specifically in relation to environmental matters;
- (p) carrying out the day-to-day management of the Company;
- (q) forming other committees and working parties from time to time if necessary to assist in the orderly conduct and operation of the Company;
- (r) keeping the Board informed, in a timely manner (as determined by the significance of the issue), of all the important issues and activities affecting the Company;
- (s) ensuring that all personnel act with the highest degree of ethics and probity.
- (4) The Board formally delegates the power to the CEO, subject to:
 - (a) the current Delegation of Authority Procedure and matrix;
 - (b) all CEO remuneration, outside of normal monthly remuneration, being authorised by the Chair;
 - (c) all business related expenses paid to the CEO being authorised or ratified by the Chair;
 - (d) the appointment of individuals to specific management roles is the responsibility of the CEO, but the terms and conditions of appointment of individuals who report to the CEO must be approved by the Board.

6.4 Board Committees

In order to better manage its responsibilities, the Board will have an Audit and Risk Committee and a Remuneration Committee. Each committee will adopt a charter approved by the Board, setting out its responsibilities. Each committee will comprise at least two non-executive directors.

6.5 Secretary

- (1) The Secretary is generally responsible for carrying out the administrative and legislative requirements of the Board. The Secretary holds primary responsibility for ensuring that the Board processes and procedures run efficiently and effectively.
- (2) The Secretary is appointed in accordance with the Constitution.
- (3) The specific tasks of the Secretary include:
 - (a) overseeing the Company's compliance program and ensuring all Company legislative obligations are met;
 - (b) ensuring that the agenda and briefing materials for Board meetings are prepared and forwarded to directors in a timely and effective manner;
 - (c) recording, maintaining and distributing the minutes of all Board and Board subcommittee meetings as required;
 - (d) preparing for and attending all General Meetings of the Company and ensuring that the correct procedures are followed;
 - (e) recording, maintaining and distributing the minutes of all annual and Extraordinary General Meetings of the Company;
 - (f) meeting statutory reporting requirements in accordance with relevant legislation; and
 - (g) any other services the CEO or Chair may require.

6.6 Circular Resolutions

Circular Resolutions. Urgent matters that cannot wait until the next board meeting can be dealt with by a circular resolution. Where a matter is considered material, the matter should be dealt with by holding a Board Meeting instead of by circulating resolution. A circular resolution should be approved by the Chair before it is circulated and should normally be preceded by a telephone meeting or video conference if practical.

7. CEO and CFO ASSURANCES

- 7.1 It is the responsibility of both the CEO (or equivalent) and the CFO (or equivalent) to provide written assurances to the Board that in all material respects:
- (1) the financial reports submitted to the Board present a true and fair view of the Company's financial condition and operational results; and
 - (2) the Company's risk management and internal compliance and control system is operating efficiently and effectively.

8. CODE OF CONDUCT

The Board will approve a Code of Conduct for Directors and Senior Executives to promote ethical and responsible decision-making including compliance with the law, conflicts of interest, confidential information and responsibilities to shareholders and other stakeholders.

9. DELEGATION OF AUTHORITY

This Board Charter and the Delegation of Authority (Procedure and Matrix) set out the Company's policy relevant to the delegation of authority to management to conduct the day-to-day management of the company.

10. POLICIES

The Board will ensure that written policies are established to document the way in which the Company deals with its responsibilities and compliance obligations under laws and the Listing Rules of the ASX, and governance and other obligations to its shareholders and stakeholders.

11. REVIEW AND AVAILABILITY

This Charter will be revised when necessary or appropriate and will be reviewed every three years. The Charter is available on the Company's website and intranet.