



**Board Charter of  
Southern Cross Electrical Engineering  
Limited**

Document ID: SCEE-MN-CG-CHA-0001

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## 1 Purpose

This Charter sets out the functions and responsibilities of the Board and senior executives of the Company

## 2 Definitions

Term	Definition
<b>Board</b>	Means the board of directors of the Company
<b>Chair</b>	Means the chair of the Board
<b>Charter</b>	Means this Board Charter
<b>Constitution</b>	Means the Company's constitution
<b>Group</b>	Means the Company and its subsidiaries
<b>Secretary</b>	Means the Company secretary

## 3 Responsibilities of the Board

*The Board is responsible for, and has the authority to determine, all matters relating to overall 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) approving the strategic objectives of the Group and establishing goals to promote their achievement;
- (2) monitoring the operational and financial position and performance of the Group;
- (3) ensuring the directors inform themselves of the Group's business and financial status;
- (4) establishing investment criteria including acquisitions and divestments, approving investments, and implementing ongoing evaluations of investments against such criteria;
- (5) approving and monitoring the progress of major capital expenditure, capital management and major acquisitions and divestitures;
- (6) providing oversight of the Company, including its control, risk management and accountability systems;
- (7) considering and approving the Group's budgets;
- (8) establishing written policies on compliance, risk oversight and management;
- (9) ensuring that systems of risk management and internal compliance and control, codes of conduct and legal compliance are operating effectively;
- (10) appointing and removing the managing director, monitoring performance and approving remuneration of the managing director and the remuneration policy and succession plans for the Company's managing director;
- (11) ratifying the appointment and, where appropriate, the removal of the Chief Financial Officer, Chief Operating Officer and the Secretary;
- (12) monitoring senior executives' performance and implementation of strategy and ensuring appropriate resources are available;
- (13) ensuring that business risks facing the Group are, where possible, identified and that appropriate monitoring and reporting internal controls are in place to manage such risks;
- (14) approving and monitoring financial and other reporting;

- (15) determining the dividend policy of the Company and declaring dividends;
- (16) ensuring the Company complies with its responsibilities under the Corporations Act, the ASX Listing Rules, the Company's Constitution and other relevant laws;
- (17) exercising due care and diligence and sound business judgment in the performance of those functions and responsibilities; and
- (18) ensuring that decisions are made in the best interest of the Company as a whole.

## 4 Composition of the Board

### 4.1 Size

The number of directors of the Company is to be not less than 3 but no more than 9. The Company at a general meeting may by resolution increase or reduce the number of directors but the number must not be reduced below 3. The Board's size and composition is aimed to effectively discharge its responsibilities, duties and encourage enhanced performance of the Company. The Board comprises carefully selected individuals whose experience and skill base is commensurate with the requirements and profile of the Company.

### 4.2 Independent directors

- (1) The majority of directors on the Board must be independent and non-executive directors.
- (2) A director is deemed to be independent when he or she:
  - (a) has not, within the last 3 years, been employed in an executive capacity by a member of the Group;
  - (b) has not, within the last 3 years, been a partner, director or senior employee of a provider of material professional services to the Group;
  - (c) has not, within the last 3 years, been in a material business relationship (e.g. as a supplier or customer) with the Group, or otherwise associated with someone with such a relationship;
  - (d) is not a substantial security holder of the Company or an officer of, or otherwise associated with, a substantial security holder of the Company (as defined in section 9 of the *Corporations Act 2001*);
  - (e) has no material contractual relationship with the Group other than as a director;
  - (f) has no close family ties with any person who falls within any of the categories above;  
or
  - (g) has no close family ties with any person who falls within any of the categories above;  
or
  - (h) has not been a director of the Company for such a period that his or her independence may be compromised.
- (3) The Board will regularly assess the independence of each director in light of the interests disclosed by them. The outcome of this assessment will be reflected in the corporate governance section of the annual report.

- (4) If, notwithstanding some variance with the above guidelines, the Board still considers a director to be independent, it will clearly state the reasons for this decision and the existence of any special relationship that the director has in the annual report.
- (5) If the independent status of a director changes, this will be disclosed and explained to the market in a timely fashion.

### **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;
  - (b) finance;
  - (c) business;
  - (d) experience in the industries relevant to the Group's businesses;
  - (e) risk management;
  - (f) public company experience; and
  - (g) managing director 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 Appointment**

Directors are appointed in accordance with the terms of the Constitution

### **5.2 Terms and Conditions**

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 powers and duties 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) fellow directors;

- (11) trading policy governing dealings in securities (including any share qualifications) and related financial instruments by directors, including notification requirements;
- (12) induction, training and continuous education arrangements;
- (13) access to independent professional advice
- (14) indemnity and insurance arrangements;
- (15) confidentiality and rights of access to corporate information;
- (16) a copy of the Constitution; and
- (17) an organisational chart of the Company's management structure.

## 6 Induction and continuing education

### 6.1 Induction Program

The Company will make an induction program available to all new directors and senior executives to enable them to gain an understanding of:

- (1) the Company's financial, strategic, operational and risk management position;
- (2) the rights, duties and responsibilities of the directors;
- (3) the roles and responsibilities of senior executives; and
- (4) the role of board committees.

## 7 Independent Professional Advice

To facilitate independent judgement in decision-making, each director has the right to seek independent professional advice at the Company's expense. However, prior approval from the Chair is required, which may not be unreasonably withheld.

## 8 Allocation of Responsibilities

### 8.1 Chair

- (1) The Board elects the Chair in accordance with the Constitution. A deputy chair (**Deputy Chair**) may also be elected.
- (2) The Chair will be an independent, non-executive director.
- (3) The roles of the Chair and the managing director may not be held by the same individual.
- (4) The position of Chair will be reviewed by the Board periodically.
- (5) 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.
- (6) The Chair's specific duties are to:
  - (a) chair Board meetings. If the Chair is not present within 15 minutes after the time appointed for the holding of that meeting, the Deputy Chair will assume this role; if the

Deputy Chair is not present, a director chosen by a majority of directors present shall assume this role;

- (b) establish the agenda for Board meetings in consultation with the managing director;
  - (c) ensure Board minutes properly reflect Board decisions;
  - (d) be the spokesperson for the Company at the annual general meeting and in the reporting of performance and profit figures; the managing director or the managing director's nominee will undertake all other public relations activities;
  - (e) make a reasonable effort to become and remain familiar with the affairs of the Company;
  - (f) participate in the managing director evaluation process through the Nomination and Remuneration Committee; and
  - (g) participate in the annual process of Board and director evaluation.
- (7) The Chair is not entitled to vote or participate in the deliberations on any matter in which he or she has a personal interest, unless there is compliance with the conflict of interest provisions under the Constitution.
- (8) The Chair may be removed from office in accordance with the Constitution.

## 8.2 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, demonstrate commercial reasonableness in their decision making and act with the level of skill and care expected of a director of a listed company;
- (4) avoid conflicts of interest except in those circumstances permitted by the Corporations Act;
- (5) not make improper use of information gained through their position as a director;
- (6) not take improper advantage of their position as a director;
- (7) notify other directors of a material personal interest when a conflict arises;
- (8) make reasonable enquiries if relying on information or advice provided by others;
- (9) make a reasonable effort to become and remain familiar with the affairs of the Company;
- (10) undertake any necessary enquiries in respect of delegated authority;
- (11) give the Company or ASX Limited all the information required by the Corporations Act;
- (12) not permit the Company to engage in insolvent trading;
- (13) attend all Board meetings and Board functions unless there are valid reasons for non-attendance;

- (14) 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; and
- (15) inform the Chair of the Board of their intention to accept a new appointment as a director of another company prior to accepting such a position.

### **8.3 The Managing Director**

The appointment and responsibilities of the managing director are as follows:

- (1) The managing director is appointed by the Board.
- (2) The managing director is responsible for the ongoing management of the Company in accordance with the strategy, policies and programs approved by the Board.
- (3) The managing director's responsibilities include:
  - (a) developing with the Board, the Group's vision and direction;
  - (b) constructing, with the Company's management team, programs to implement this vision;
  - (c) negotiating the terms and conditions of appointment of senior executives;
  - (d) appointing the senior executive team;
  - (e) endorsing the terms and conditions of appointment of all other staff members;
  - (f) 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;
  - (g) ensuring a culture of compliance generally, and specifically in relation to occupational health, safety and environment;
  - (h) carrying out the day-to-day management of the Company;
  - (i) forming other committees and working parties from time to time to assist in the orderly conduct and operation of the Group;
  - (j) keeping the Board informed, at an appropriate level, of all the activities of the Group; and
  - (k) ensuring that all personnel act with the highest degree of ethics and probity.
- (4) The Board has formally delegated power to the managing director in accordance with a Statement of Delegated Authority approved by the Board.

## 8.4 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 Secretary is accountable to the Board, through the Chair, on all corporate governance matters.
- (4) 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 managing director or chair may require.

## 9 Managing Director and Chief Financial Officer Assurances

### 9.1 Responsibilities

It is the responsibility of both the managing director and the chief financial officer 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 Group's financial condition and operational results; and
- (2) the Group's risk management and internal compliance and control system are operating efficiently and effectively

## 10 Performance Evaluation

### 10.1 Evaluation of the Board's performance and the performance of each individual director

The Board's performance and the performance of each individual director will be measured against measurable and qualitative benchmarks as may reasonably be determined from time to time by the Board having regard to accepted, sound corporate governance standards.

## 10.2 Reporting

The Annual Report will report on whether a performance evaluation for the Board and its members has taken place in the reporting period and whether it was in accordance with the process disclosed.

## 11 Committees

### 11.1 Establish Committees

To assist with the execution of its responsibilities, the Board has the authority to delegate responsibility to committees, and to establish and determine the powers and functions of those committees of the Board, including the Audit and Risk Management Committee and the Nomination and Remuneration Committee

### 11.2 Audit and Risk Management Committee

The role and responsibilities, composition, structure and membership requirements of the Audit and Risk Management Committee are documented in a separate Audit and Risk Management Committee Charter approved by the Board.

### 11.3 Nomination and Remuneration Committee

The role and responsibilities, composition, structure and membership requirements of the Nomination and Remuneration Committee are documented in a separate Nomination and Remuneration Committee Charter approved by the Board.

## 12 Code of Conduct

### 12.1 Code of Conduct for directors and senior executives

To promote ethical and responsible decision-making, the Board has approved a Code of Conduct as to the practices necessary to maintain confidence in the Company's integrity and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

Directors and the Senior Executive team must comply with the Code of Conduct and demonstrate commitment to the Code and consistency in its execution. Adherence to the Code of Conduct must be periodically evaluated and action taken where necessary.

### 12.2 Code of Conduct scope

The Code of Conduct deals with the following main areas:

- (1) integrity and professionalism;
- (2) conflicts of interest;

- (3) confidentiality;
- (4) fair dealing;
- (5) compliance with laws and regulations;
- (6) inside information;
- (7) responsibilities to shareholders;
- (8) responsibilities to clients, customers and consumers;
- (9) employment practices;
- (10) obligations relative to fair trading and dealing;
- (11) responsibilities to the community;
- (12) encouraging the reporting of unlawful, unethical behaviour; and
- (13) how the Company monitors and ensures compliance with the Code of Conduct

## **13 Policies**

### **13.1 Establish policies**

The Board (or appropriate Board committee) is responsible for establishing and periodically reviewing policies relating to the following matters:

- (1) Delegation of authority
- (2) Shareholder communication
- (3) Continuous disclosure
- (4) Securities trading
- (5) Anti-bribery and corruption
- (6) Whistleblower
- (7) Diversity

## **14 Risk Management**

The Board, through the Audit and Risk Committee, should require its senior executives to design and implement the risk management and internal control systems to manage the Company's material business risks and report to it on whether those risks are being managed effectively.

## **15 Public availability of materials**

This Charter or a summary of its main provisions shall be made publicly available on the Company's website in a clearly marked corporate governance section.